REPORT TO THE PRESIDENT

BUILDING AMERICA'S MIGHT

BY THE DIRECTOR OF

DEFENSE MOBILIZATION

No. 1 APRIL 1, 1951

OFFICE OF DEFENSE MOBILIZATION,
Washington, D. C., April 1, 1951.

The PRESIDENT,
The White House,
Washington 25, D. C.

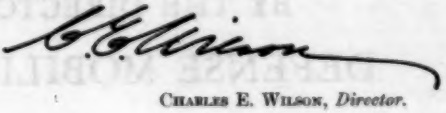
DEAR MR. PRESIDENT: As Director of Defense Mobilization, I herewith submit my first quarterly report on the defense mobilization program of the United States.

I have called this report "Building America's Might." It tells what has been accomplished so far in expanding America's military strength and productive power to meet the challenge of outright communist aggression. It deals also with our participation with other nations of the free world in building our collective strength for purposes of mutual defense.

Although my own responsibilities began last December 16, I have in this first report summarized developments since the defense mobilization program was launched following the communist attack on the Republic of Korea on June 25, 1950. In order to give a rounded account of the defense program, I have mentioned some activities which are not directly under my jurisdiction but which affect or provide background for the mobilization effort.

I want to make it clear that the achievements recorded in this report are due not merely to the work of the Office of Defense Mobilization—which is only a small over-all policy group—but are due, rather, to the strenuous effort and teamwork of the many Government agencies concerned, and, above all, to the skill and energy of the workers, farmers, and businessmen of our great country.

Respectfully,



CHARLES E. WILSON, *Director.*

THE DEFENSE PROGRAM GETS UNDERWAY

Before dawn on a Sunday morning—June 25, 1950—communist armies swept across the border of a free nation, the Republic of Korea, in an act of wholly unprovoked aggression.

That day opened a critical period in the lives of the American people and in the lives of free people everywhere.

Since that day, many things have happened.

The United Nations, within a matter of hours, branded the North Korean attack as an act of criminal aggression and (with the Soviet Union absent) requested its member nations to come to the aid of the victims of attack.

The American people knew that if Korea were not defended, other free nations—one by one—would be similarly attacked. Realizing that our own security was at stake, we responded to the United Nations call and accepted command of the UN forces in the field. Men of other nations joined ours in the theater of battle, as quickly as they could be mobilized and transported.

In the nine months of bitter struggle that have followed, our forces have moved four times up and down the mountainous peninsula of Korea. They fell back to the Pusan beachhead, stood firm, then gathered strength and drove all the way to the Yalu River, virtually wiping out the North Korean army. Chinese communist forces entered the war, and our soldiers made another skilful and heroic withdrawal. Now they have again advanced, inflicting staggering losses on the enemy.

As our men went into action in Korea, we acted on the home front.

In a spirit of national unanimity, we resolved to vastly strengthen our military resources—not only to meet the situation in Korea, but to do our part in the much larger task of building the defenses of the free world against aggression elsewhere.

The assault on Korea demonstrated that communist imperialism would not hesitate to risk world war in pursuing its goal of world domination. **In response to this hard fact, we in the United States embarked on a definite, long-term program to increase the level of military strength we shall maintain.** At the same time, we embarked on large-scale plans to join with other free nations in enlarging our common defensive strength against communist oppression.

The President requested legislation and appropriations. On September 1, the Congress passed the Defense Production Act, the basis for our economic mobilization. On September 22, and again on January 2, it voted new appropriations which, added to the regular 1951 appropriations already enacted, made $52 billion available for military and related purposes.

On December 16, the President proclaimed the existence of a national emergency.

"The future of civilization," he said, "depends on what we do—on what we do now, and in the months ahead."

What have we done so far?

Already, we have made America measurably safer.

Since last July, we have doubled the combined active strength of our Army, Navy, and Air Force—and now have about 3 million men under arms.

We have placed orders for over $23 billion worth of military equipment. Industry is tooling up, and deliveries are beginning to come off the production lines. Defense expenditures are now running at a rate of $2 billion per month, approximately double what they were at the time of the Korean attack.

We have begun the expansion of our productive capacity. Among our goals are the capacity to build 50,000 airplanes and 35,000 tanks a year and 18,000 jet engines a month.

We have joined with our allies in creating a unified military force under the North Atlantic Treaty. General Eisenhower has established his

headquarters on the Continent of Europe. Military aid is flowing to the European nations who are placing forces under his command.

In all this effort, we have no other purpose than to restore and preserve the peace.

Events in Korea have made one thing clear above all else—there is no safety for free nations in the present world except in strength. No one knows, of course, what reckless adventures the Soviet rulers may yet decide upon. But the strength of purpose which the United Nations demonstrated last summer must surely have impressed upon those rulers that they cannot achieve world conquest by simply overrunning weak nations one by one. As the free world gains military strength, the Soviet rulers may come to their senses and realize that their course of aggression is utter folly—they cannot win. If in desperation they risk aggression anyway, then we will have the strength to strike back quickly and emerge victorious.

We must not slacken in our determination to make this nation—and, in proportionate cooperation with our allies, the whole free world—strong and safe. We must overcome the inevitable tendency to let our enthusiasm ebb and flow according to each day's newspaper headlines. The decisions we took last summer were long-term decisions, based on what we knew to be the long-term aims of communist imperialism. Whatever the protestations of peace that may emerge from the Soviet leaders, we cannot assume their ruthless aims have changed until they join with us, within the United Nations, in a genuine attempt at settlement of the world's outstanding issues. While we negotiate and take every step to make clear our own peaceable intentions, we must continue full speed with the program to build America's might.

What Is the Defense Program?

We must produce military equipment and supplies for—

1. Our forces fighting in Korea.

2. Our expanding armed services in the United States and in Europe.

3. Assistance to the growing forces of other nations joined with us in resisting communism.

4. Reserve stocks—intended, in the case of key items, to provide for the first year of full-scale war.

While we do this, we must build toward the productive power that would be needed—and could be put quickly into use—in case of all-out war. This also has several aspects:

1. The **stockpiling** of scarce and critical materials.

2. The addition of **production lines for military goods** which are beyond those needed for currently scheduled output but would be needed in full-scale war.

3. The addition of **basic industrial capacity** which will support high levels of both military and civilian production during the defense period, and which would be available to support the needs of all-out war.

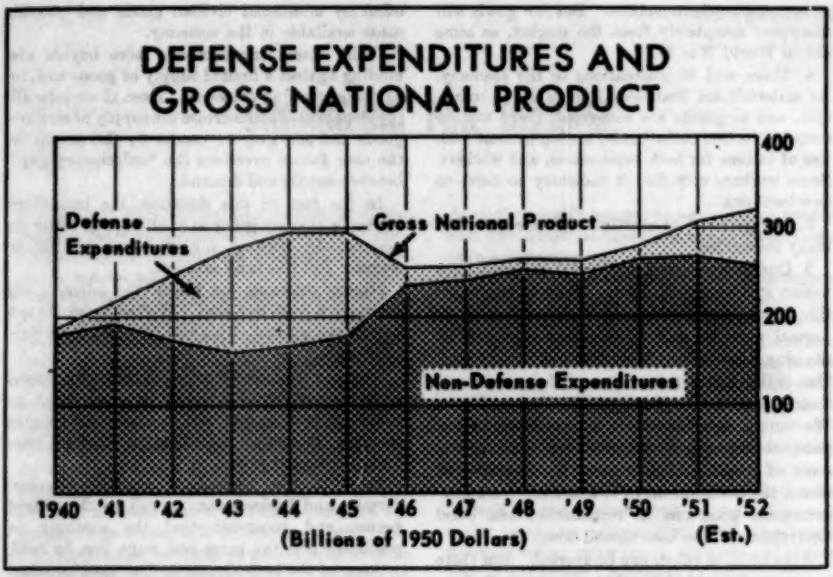
With the fullest degree of drive and unity, we can do this job by 1953. By that date our readiness to enter upon total mobilization should be sufficient; and production, in addition to meeting current military needs, should support a civilian economy at or above pre-Korean levels.

Our total requirements have to be, and are being, laid out on a time schedule. To some extent the needs compete: Which objectives should have first call on steel, for example, additional steel capacity or additional military reserves? How far should we cut back civilian use of metals in order to add these metals to our stockpile for use in time of war? Questions such as these will be raised and decided continuously in the course of the defense program.

Our present requirements—which of course are subject to change if circumstances are drastically altered—add up to quite a different program than we knew in the early years of World War II.

In the first place, we are building our Armed Forces to only 3,500,000 men and women as our present goal, not to the 12,000,000 who were in uniform at the peak of World War II. This difference works in two ways. It means lower matériel requirements for the military and at the same time leaves a significantly larger number of persons available for defense production.

In the second place, we are producing primarily for readiness, not for all-out war. While the war we are fighting in Korea is a very real war, and one which gets top priority in our military production, it is not on a scale with the global fighting that took place in World War II. Thus our requirements can be based mainly on reserve and defensive needs, plus an ability to move rapidly into all-out production if the need arises.



Finally, we started from levels of production and capacity far higher than those of 1941. When Pearl Harbor came, we were short of virtually every kind of weapon needed for modern war, and we had to produce the weapons and expand our capacity to produce at the same time. The demands on the economy were prodigious, and the dislocations were in many cases severe. By contrast, when the current program began, we had large stocks of many kinds of military items. We had war and cargo ships, for example, which made unnecessary the tremendous shipbuilding program of World War II. We had, in addition, stand-by plants of many different kinds—explosives, aircraft, synthetic rubber—that made unnecessary the same degree of new plant construction. Our present defense mobilization calls, therefore, for a **selective** expansion with different degrees of growth required in different segments of the economy.

The difference in the scope of effort required is illustrated by some basic figures. At the peak of World War II, 45 percent of the gross national product went for national defense. The proportion is now 8 percent, and by the end of 1951 will be about 15 percent. As we now foresee it, the defense program, at its height, will not require more than 20 percent of the gross national product.

These differences between the present program and that of World War II do not mean that the new program is in any way less urgent than the mobilization that took place ten years ago. **Our job is different—in some ways easier, in some harder—but we must tackle it with the same determination, the same sense of dedication to a common purpose that we felt as we entered World War II.**

How Will It Affect the Citizen?

The main effects that will be felt by the individual American will be these:

1. Virtually every qualified young man, upon reaching a certain age, will have to serve in the Armed Forces.

2. All of us will have to pay more taxes.

3. We will have to wait for some of the things that we will want to buy—new housing, for in-

stance, and new automobiles. But few goods will disappear completely from the market, as some did in World War II.

4. There will be dislocations in the economy. As materials are channeled into defense production, and as plants are converted, there will be some production cutbacks and unemployment with loss of income for both businessmen and workers. Some workers may find it necessary to move to new locations.

5. Longer hours of overtime will be required in many industries.

6. Our technological and social progress as a nation will be slowed down. More of our scientific talent, for example, will be diverted from its normal creative ends to the distasteful job of devising more effective weapons of destruction. Our colleges and universities will lose some of their prospective students to the military forces. We cannot devote as large a proportion of our national income as we might wish to the improvement of health and education, the clearance of slums, the development of recreation. Such governmental programs as reclamation and rural electrification have been slowed down.

None of these effects can be averted. But there is one avoidable hardship that can also result from the defense program—one that has already been felt to a considerable degree and that threatens to become even more severe. That is inflation, the rise in living costs which reduces the value of everybody's dollar. **If we let it, inflation can sap the strength of the economy, and in fact threaten the success of the whole defense effort.**

The words, "if we let it," are used deliberately. Inflation can be controlled, if we have the national will and the national unity to take the steps that are necessary to control it.

The decisions that must be taken to check inflation are hard decisions. Each appears to hurt someone. In fact, however, if stabilization is achieved across the whole economy, the entire nation is better off and the defense burden can be distributed in a more equitable manner.

The problem of inflation arises from a very simple cause—the men who produce military goods receive payment for their work, in the form of wages, salaries, and profits which for the most part are translated into demands against civilian goods and services. But that purchasing power is not offset by additional civilian goods and services made available in the economy.

Under these circumstances, more buyers are bidding against a limited supply of goods and, in so doing, pushing prices up. Even if we take all the steps possible to increase the supply of civilian goods and services, we cannot by this means in the near future overcome the "inflationary gap" between supply and demand.

In the face of this situation, the immediate tendency of every group is to attempt to better its position—by seeking higher prices or higher wages. But this is no solution.

Higher prices do not benefit the seller, if his production costs rise also. Higher wages do not benefit the worker, if his cost of living rises proportionately.

And the increase of prices hurts every person with savings, pension rights, or other fixed income—in fact, anyone not in a position to gain increases in income equivalent to what he loses from the higher prices.

It is in the interest of everyone—worker, farmer, and businessman as well as the retired person and pensioner—that the economy be stabilized and the price and wage line be held.

Some of the basic decisions that must be taken to check inflation rest with the Congress, such as the enactment of higher taxes. But under the Defense Production Act, considerable authority in the field of price and wage control has been delegated to the Economic Stabilization Agency, which is one of the agencies subject to the authority of the Director of Defense Mobilization. This Act embodies the fundamental American principle of treating fairly every group within the population. In administering this authority, we are resolved to do all in our power to carry out this principle.

To help us achieve this aim, we must ask the leaders of all groups within the population to consult freely with us, to press their demands with an attitude of fairness, and to work with us even though not every decision may be to their liking. Every individual, whether he is running a business or working on a farm or in a factory, must approach this program for national safety with the question of "How much can I put into this great effort?"—not "How much can I get out of it?" With that attitude and with urgency, drive, and determination, we can get on with the job of building America's might.

ORGANIZING FOR DEFENSE

Since last June, substantial changes have been made in the organization structure of the Government, in order to carry out efficiently the emergency defense job.

To the fullest extent possible, we are building the emergency structure upon the established departments and agencies of the Government, thus avoiding duplication and unnecessary expense. We are endeavoring also to profit by the experience—the mistakes and the successes—of the World War II mobilization. Fortunately, many of the able and experienced men who planned and led the war mobilization are still in Government, and others have responded to the emergency call and returned to posts which, in many cases, are virtually the ones they left in 1945 and 1946.

In organizing for defense, the Office of Defense Mobilization has been established as a small organization concerned with policy guidance and control and with settling interagency differences. The operating activities are distributed among the regular Government departments and the new emergency agencies.

In developing the organization structure, six major areas of mobilization activity have been identified and arrangements made in each area for coordinating the work of governmental agencies. The six areas and the organizational arrangements are:

Stabilization.—The Economic Stabilization Agency advises on over-all stabilization policy and supervises the operations of the Office of Price Stabilization and the Wage Stabilization Board.

Production.—The Defense Production Administration coordinates the industrial production effort. Under its direction are the production activities of several agencies—principally the National Production Authority in the Department of Commerce; the defense organizations for power, petroleum, solid fuels, minerals, and fisheries in the Department of the Interior; the Department of Agriculture with respect to agricultural production for industrial uses; and the Defense Transport Administration.

Food production and distribution is the responsibility of the Department of Agriculture.

Manpower.—To provide coordination and advice in the broad field of manpower, a Committee on Manpower Policy has been established, headed by a manpower specialist in the Office of Defense Mobilization. A committee of representatives of labor and management will also be established to make recommendations on manpower policy matters.

The Secretary of Labor has established a Defense Manpower Administration to coordinate the major operating responsibilities of the Department regarding recruitment, training, and utilization of manpower for defense production.

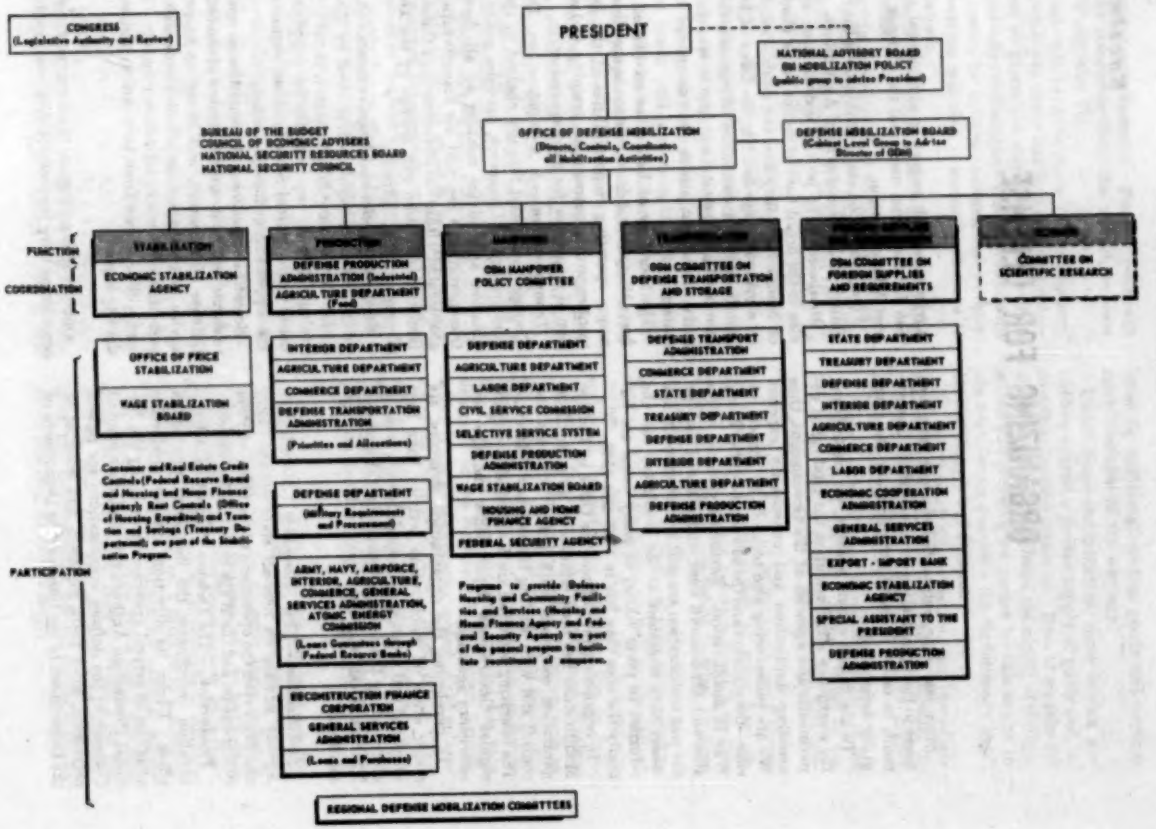
Transportation.—A Committee on Defense Transportation and Storage, chaired by the Undersecretary of Commerce, provides policy coordination and advice relating to all forms of transportation. Sea and air transportation are coordinated within the Department of Commerce; land transportation and storage by the Defense Transport Administration.

Foreign Supplies and Requirements.—A committee has been established, chaired by the Economic Cooperation Administrator, to review and evaluate foreign requirements for supplies produced in the United States and our requirements for supplies from foreign sources.

Scientific Research.—A committee on scientific research, headed by a staff member of the Office of Defense Mobilization, will be set up to provide advice and guidance on scientific research as a part of the defense mobilization program. Members will be drawn from both within and outside the Government.

Outside of Washington, 13 interagency regional committees have been established, each cochaired

ORGANIZATION FOR DEFENSE MOBILIZATION


CONGRESS
(Legislative Authority and Review)
PRESIDENT
NATIONAL ADVISORY BOARD ON MOBILIZATION POLICY
(public group to advise President)
BUREAU OF THE BUDGET
COUNCIL OF ECONOMIC ADVISERS
NATIONAL SECURITY RESOURCES BOARD
NATIONAL SECURITY COUNCIL
OFFICE OF DEFENSE MOBILIZATION
(Directs, Controls, Coordinates all Mobilization Activities)
DEFENSE MOBILIZATION BOARD
(Cabinet Level Group to Advise Director of ODM)
FUNCTION & COORDINATION
STABILIZATION
ECONOMIC STABILIZATION AGENCY
PRODUCTION
DEFENSE PRODUCTION ADMINISTRATION (Industrial)
AGRICULTURE DEPARTMENT (Food)
ODM MANPOWER POLICY COMMITTEE
ODM COMMITTEE ON DEFENSE TRANSPORTATION AND STORAGE
ODM COMMITTEE ON FOREIGN SUPPLIES AND REQUIREMENTS
COMMITTEE ON SCIENTIFIC RESEARCH
PARTICIPATION
OFFICE OF PRICE STABILIZATION
WAGE STABILIZATION BOARD
Consumer and Real Estate Credit Controls (Federal Reserve Board and Housing and Home Finance Agency); Rent Controls (Office of Housing Expediter); and Taxation and Savings (Treasury Department), are part of the Stabilization Program.
INTERIOR DEPARTMENT
AGRICULTURE DEPARTMENT
COMMERCE DEPARTMENT
DEFENSE TRANSPORTATION ADMINISTRATION
(Priorities and Allocations)
DEFENSE DEPARTMENT
(Military Requirements and Procurement)
ARMY, NAVY, AIRFORCE, INTERIOR, AGRICULTURE, COMMERCE, GENERAL SERVICES ADMINISTRATION, ATOMIC ENERGY COMMISSION
(Loans Guaranteed through Federal Reserve Banks)
RECONSTRUCTION FINANCE CORPORATION
GENERAL SERVICES ADMINISTRATION
(Loans and Purchases)
DEFENSE DEPARTMENT
AGRICULTURE DEPARTMENT
LABOR DEPARTMENT
CIVIL SERVICE COMMISSION
SELECTIVE SERVICE SYSTEM
DEFENSE PRODUCTION ADMINISTRATION
WAGE STABILIZATION BOARD
HOUSING AND HOME FINANCE AGENCY
FEDERAL SECURITY AGENCY
Programs to provide Defense Housing and Community Facilities and Services (Housing and Home Finance Agency and Federal Security Agency) are part of the general program to facilitate recruitment of manpower.
DEFENSE TRANSPORT ADMINISTRATION
COMMERCE DEPARTMENT
STATE DEPARTMENT
TREASURY DEPARTMENT
DEFENSE DEPARTMENT
INTERIOR DEPARTMENT
AGRICULTURE DEPARTMENT
DEFENSE PRODUCTION ADMINISTRATION
STATE DEPARTMENT
TREASURY DEPARTMENT
DEFENSE DEPARTMENT
INTERIOR DEPARTMENT
AGRICULTURE DEPARTMENT
COMMERCE DEPARTMENT
LABOR DEPARTMENT
ECONOMIC COOPERATION ADMINISTRATION
GENERAL SERVICES ADMINISTRATION
EXPORT - IMPORT BANK
ECONOMIC STABILIZATION AGENCY
SPECIAL ASSISTANT TO THE PRESIDENT
DEFENSE PRODUCTION ADMINISTRATION
REGIONAL DEFENSE MOBILIZATION COMMITTEES

by the regional directors of the Defense Production Administration and the Defense Manpower Administration, to coordinate the activities of the defense agencies in those regions. These committees have a special role in steering the placement of military contracts in relation to manpower and productive facilities, and in aiding small-business participation in the program.

The Defense Mobilization Board provides a means for coordinating the policies and activities of the principal departments and agencies participating in the defense program. It consists of the Secretaries of Treasury, Defense, Interior, Agriculture, Commerce, and Labor; the Chairmen of the National Security Resources Board, the Reconstruction Finance Corporation, and the Board of Governors of the Federal Reserve System; and the Defense Production and Economic Stabilization Administrators, with myself as chairman.

In addition, I meet bi-weekly with the Mobilization Executives Staff, made up of the officials who head the mobilization agencies and the interagency committees that operate under the jurisdiction of ODM. Its members are the Administrators of the Defense Production Administration, the Economic Stabilization Agency, the Housing and Home Finance Agency; and the Chairmen of the Committees on Foreign Supplies and Requirements, Manpower Policy, and Defense Transportation and Storage, and the Chairman of the Council of Economic Advisers in an ex officio capacity.

My participation, by invitation of the President, in meetings of the Cabinet and of the National Security Council assists in coordination of the defense mobilization effort with the programs of the executive branch as a whole.

The National Advisory Board on Mobilization Policy, recently created by the President as an advisory group to him under my chairmanship, will be a means of bringing together citizens of outstanding experience and ability and making available their views to guide the Government's defense mobilization effort. Twelve of the sixteen members will be experienced in matters of business management, labor, and agriculture.

I believe we have the requisite organizational structure to do the job and that we have applied the lessons of World War II in its building.

Section III

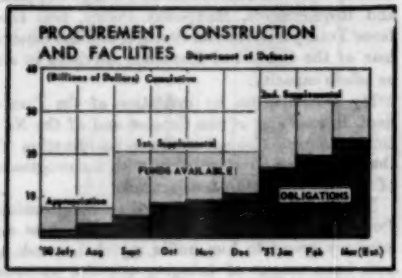
MEETING MILITARY REQUIREMENTS

Modern weapons and other requirements of war—for our forces in Korea and elsewhere, for our allies, and for reserve supplies—are now being ordered at a rate of nearly a billion dollars a week.

During the three months from January through March, the Department of Defense obligated over $12 billion for procurement, construction, and facilities expansion, including procurement for the mutual defense aid program. For the 9-month period since the Korean attack, the Department has obligated over $23 billion, out of a total of $32 billion thus far made available for these purposes in the fiscal year which ends June 30. More than $1 billion, in addition, was obligated in the January–March quarter for stockpiling of strategic materials and for projects of the Atomic Energy Commission.

Deliveries to the Armed Forces are not, of course, being made at a rate anywhere near the rate of placing orders. Complex modern war equipment has a long "lead time"—most of the heavy items require months between the date of

placing an order and the date of delivery, and some require 2 to 3 years. But deliveries, too, will rise steadily in the coming months.



Weapons Have Changed Since World War II

The weapons being ordered are not the same weapons used in World War II. When we demobilized our Army, Navy, and Air Force after that war, we maintained at a high level the programs of research and development carried on by the military and by civilian agencies. The advances growing out of these 5 years of research are incorporated in the new equipment being ordered.

In World War II, the B–17 was the standard heavy **bomber** flying over Germany. It weighed 24,700 pounds and had a range of 1,750 miles. The B–17 is now obsolete and out of production. Our present intercontinental strategic bomber, the B–36, weighs 102,500 pounds and has a range of up to 10,000 miles. The B–47, the first all-jet strategic bomber to go into quantity production, is in the 600-mile-per-hour class.

Of all the **fighter planes** produced in World War II, the F4U Corsair is the only one still in production—in fact, the only piston-engined fighter now produced in this country. The two latest types of jet aircraft in use in Korea are the F–84 and F–86, and designs superior even to these are now in various stages of development.

The new planes fly at speeds and altitudes hardly known five years ago. At these speeds, human reflexes have proved too slow, and highly complex electronic fire controls have had to be substituted for manual controls. All-weather performance for the new aircraft also depends on electronics, as does the detection of enemy aircraft and the accuracy of antiaircraft fire.

The new **tanks** are 60 percent more powerful and 50 percent faster than their World War II predecessors. They mount more powerful and more accurate guns. Such features as traction, ability to ford streams, and all-weather operation are all improved, and gear shifts have been simplified to the point where a touch of the control stick will switch the tank from top forward speed directly to reverse or back again.

Some of the most sensational developments in ground equipment have been made in the field of **antitank weapons.** The new 3.5-inch rocket launcher—the modern version of the World War II "bazooka"—has proved amazingly effective against Russian-built medium tanks in Korea. This weapon has been moved from the hand-tool stage to mass production and use only since the Korean campaign began—another miracle of production ingenuity and determination.

A brand-new addition to **infantry firepower** is the 105-millimeter recoilless rifle. Mounted on a jeep, it can fire 10 aimed shots per minute, with a range of 8,500 yards, and places unprecedented hitting power in the hands of small infantry units. The 40-millimeter **antiaircraft** gun of World War II is being replaced by the new 75-millimeter Skysweeper. New **ammunition** used by all services is more effective in the penetration of heavy armor.

The revolution in design of **naval aircraft** has been comparable to that of land-based aircraft. Fighters now being procured are predominantly jet-propelled, and carrier-based bombers capable of carrying the atomic bomb have been developed. The decks of aircraft carriers have been strengthened to accommodate heavier aircraft.

Surface vessels are being equipped with improved fire control equipment and with detection devices 10 times as effective as those used in World War II. New high-speed torpedoes have been developed which can be fired from surface vessels, aircraft, or submarine and which constitute a very real threat to any known submarine.

Our surface fleet has been augmented, for the most part, by returning to service the surplus vessels laid aside in 1945. Yet a new program of construction has now been authorized by the Congress, emphasizing ships designed for antisubmarine warfare and the construction and conver-

sion of carriers to handle faster and heavier aircraft.

The **guided missile,** scarcely out of the experimental stage at the close of World War II, is reaching the production stage and, before long, will take its place as one of the most important of our modern weapons.

Still in the research and development stage are atomic-powered submarines and aircraft, atomic shells which can be fired by conventional artillery, rockets with atomic warheads and rockets of far greater range and accuracy than now exist.

Maximum Production Impact Will Come Early in 1952

Of the total value of orders placed since the beginning of the defense program, 75 to 80 percent has been for aircraft, tanks, automotive vehicles, ammunition and guided missiles, electronics and communications equipment, and construction of military and industrial facilities.

This general pattern should continue in the months ahead. Developments in Korea can, however, affect the procurement program and as research progresses new items may be put into quantity production. In certain areas, our goals will be reached sooner and procurement programs level off.

For the program as a whole, the maximum production impact, as measured by requirements for raw materials, will occur early in 1952. Deliveries of military equipment will, of course, rise for some months thereafter before reaching a level that will suffice to maintain our armed might.

New Weapons Require More Money and Critical Materials

The cost of military equipment has increased markedly since World War II. Apart from the general rise in prices, the increases in size, weight, and complexity of most items has added greatly to the costs.

The airframe weight of some of the new plane models, for example, is six times that of the comparable World War II models. The greatly increased use of electronic equipment, built to precision standards, results in heavy added cost. As a consequence, one B–36 of the present day costs $3,500,000—13 times the $275,000 paid for one B–17 in World War II.

Present day military equipment requires, in addition, greater quantities of critical materials. Jet engines operate at considerably higher temperatures than do piston engines. Hence, their materials not only require more precise alloying and heat treating, with resultant increased expense, but also contain greater proportions of the hardening and high-temperature-resisting metals such as tungsten, chromium, cobalt, and molybdenum. The greatly expanded requirements for electronic equipment also require increased amounts of cobalt, cadmium, zinc, lead, and copper.

To offset these new demands, both industry and the Department of Defense are seeking means of saving critical materials by using substitutes. As an outstanding example of progress in this direction, cartridge and shell cases are now being made from steel instead of brass. Ammunition in World War II accounted for as much as 50 percent of total consumption of copper.

Policies Have Been Revised To Expedite Procurement

The stepping-up of procurement demanded by the defense program has required revision of the contracting and purchasing policies that have been in effect since World War II. In revising procurement procedures, we have a three-fold goal—first, to get what we need quickly and efficiently; second, to build a broad production base for all-out mobilization if that becomes necessary; third, to prevent profiteering.

The Secretary of Defense has directed that policies and procedures be adopted throughout the Department to accomplish the following specific ends:

1. To spread contracts across industry as widely as possible.

2. To utilize additional contractors in lieu of multishift or overtime operations, wherever time permits, in order to broaden the mobilization base.

3. To make the fullest possible use of small business concerns.

4. To encourage, or if necessary require, subcontracting by prime contractors.

5. To provide maximum incentive to the producer to reduce his costs.

6. To place contracts with a view to the availability of manpower.

7. To place contracts with a view to economies in transportation.

To these ends, the negotiation of contracts in lieu

of competitive bidding has been reintroduced, although formal advertising and competition are still employed where they do not adversely affect the acceleration of procurement or the desired broadening of the industrial base.

Pricing and profit policies have also been reexamined. The aim of the Department of Defense is to hold down prices and encourage the conservation of limited manpower, materials, and facilities. These aims are to be achieved primarily through forward pricing and repricing rather than through recovery of excessive profits by renegotiation or taxation. Nevertheless, renegotiation is provided for and its coverage broadened by the Renegotiation Act of 1951, passed in March.

Programs for the careful selection and training of procurement officers, now being developed in all of the services, will also yield important returns to the Government.

Section IV

EXPANDING AND CONTROLLING PRODUCTION FOR DEFENSE

To meet the military requirements of the defense program and yet avoid cutting too deeply into civilian consumption, we must use two main approaches:

1. Expand production in critical fields.

2. Employ controls to ensure that materials and industrial capacity are used to best advantage for defense and civilian purposes.

Both these approaches were used in World War II. Both are embodied in the Defense Production Act.

The Economy Can Expand 15 Percent in 3 Years

The economy was expanding when the Korean attack occurred. But with the stimulus of the defense effort in the last half of 1950, the rate of expansion was accelerated. Between the first quarter of 1950 and the first quarter of 1951 the rate at which the Nation was turning out goods and services rose by 10 percent, with a 5-percent increase occurring between the last two quarters of 1950. During the fourth quarter, the annual rate reached the 300-billion-dollar mark, approximately equal in real output to the peak war year of 1944.

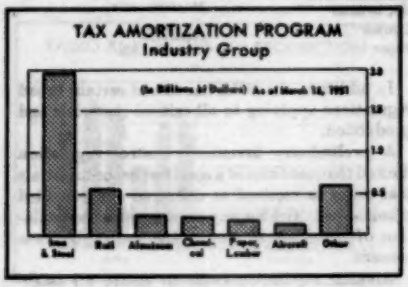
We cannot sustain a rate of annual growth at 10 percent during the coming years. But we can continue a steady upward climb in total production for the duration of the defense program. In order to meet both defense and civilian needs, we should attain a further increase of something like 15 percent in the next 3 years, adding $45 billion to the total national output.

When this is accomplished, the defense program as it levels off can fit within the added capacity of our economy. We will have achieved our goals of military strength—and production for normal civilian purposes can be higher than before Korea.

Government programs to assist in the expansion of production include accelerated tax amortization, direct loans, loan guaranties, long-term procurement contracts and stand-by purchase commitments, and the installation of Government-owned equipment and plant extensions. The Defense Production Act of 1950 provided $600 million to carry out the direct loan, procurement, and equipment programs. Virtually all of this has been committed.

Accelerated Tax Amortization.—Under the program of accelerated tax amortization, compa-

nies investing in defense facilities may apply for the privilege of deducting plant costs, for tax purposes, at the rate of 20 percent per year in lieu of the normal depreciation rate. The acceleration is applied to that portion of the new facilities determined by the Defense Production Administrator to be attributable to defense purposes.



As of March 16, a total of 660 certificates have been issued covering private capital investment of nearly $4 billion in added productive capacity. The average proportion of plant costs allowed for accelerated tax amortization is 69 percent; this means that approximately $2.7 billion can be written off for tax purposes at the 20-percent rate.

Expansion of steel capacity has been the first object of the tax amortization program. The iron and steel industry has received 50 percent of the total of $4 billion certified, with 124 projects of 50 separate companies approved. Rail transportation and the aluminum industry account for 14 and 6 percent, respectively. A wide range of defense activities is represented in the remainder.

A total of $44 million has been loaned directly to 21 firms—exclusive of $53.5 million loaned by the Reconstruction Finance Corporation, in partnership with defense agencies, from its own funds. These loans are mainly for expansion of capacity.

Loan Guaranties.—Each of the procuring agencies for the defense program has been delegated authority to guarantee loans for defense contractors. Where the guaranties are made, commercial banks grant the loans at interest rates not to exceed 5 percent.

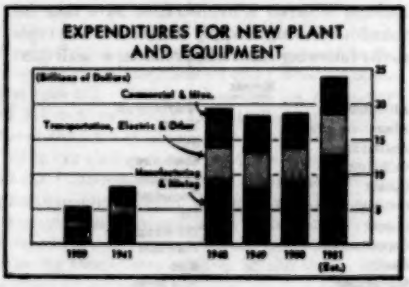
To date, 167 companies have participated in the guaranteed loan programs, receiving a total of $128 million in such loans, mainly for working capital.

Long-Term Procurement Contracts and Stand-by Purchase Commitments.—Through long-term guaranteed purchase contracts, the Government agrees to purchase specified amounts of a producer's output for periods as long as five years. This is particularly important in the case of mining, where marginal high-cost shafts can often be brought into production only on the basis of such assurances.

A large portion of the $600 million has been used to establish revolving funds for the import of tin and crude natural rubber and for purchases of aluminum, tungsten, castor beans, and oxygen-free copper. Other projects have included the development of tin resources and the establishment of a fund for a machine tool "pool" to facilitate maximum machine tool production.

Installation of Government-Owned Equipment and Plant Extensions.—Where increased production of certain kinds of materials or equipment is essential, the Defense Department utilizes procurement funds to finance plant extensions or the installation of special equipment in private plants. The equipment or facilities are used on a lease basis, with title remaining in the Government. If the equipment is used for work other than on Government contracts, a rental is paid to the Government.

As the result of both private and Government effort, the demand for new plant and equipment is expected to increase from about $18.5 billion in 1950 to almost $24 billion in 1951.



Controls Are Being Applied to Production and Distribution

During the coming months, before expansion in each critical field can catch up with need, shortages must be met by the use of controls over production and distribution.

The **priority system** is the basic control device used to channel materials and industrial capacity into direct defense production. Under this system, authorized agencies assign "DO" (defense order) ratings to their contracts. The prime contractors in turn issue DO-rated orders to their subcontractors. Unlike the priority system used early in World War II, the present system is a "single-band" structure, with no degrees of preference among the rated orders.

To make specific materials available for priority orders, as well as to divert materials from less essential to essential civilian needs, other types of controls are employed. The following are the most important:

1. **Limitation orders**—which limit the amount of material producers may use for nondefense production.

2. **Simplification and standardization orders**—which cut down or prohibit "frills," or reduce the variety, sizes, models, or styles of products.

3. **Prohibition orders**—which prohibit the use of scarce material in specified end products or specified projects.

4. **Inventory controls**—which limit the amounts of specified items which companies may keep on hand at any given time.

5. **Distribution orders**—which require individual concerns to maintain a specified pattern of distribution of scarce materials or products which they supply.

The National Production Authority and the Defense Minerals Administration have thus far found it necessary to apply controls of these types to the following materials, products, or activities:

Metals	
Aluminum	Molybdenum
Aluminum scrap	Nickel
Antimony	Steel
Cadmium	Steel scrap
Cobalt	Tantalum
Columbium	Terneplate
Copper	Tin
Copper scrap	Tin scrap
Lead	Tungsten
Manganese	Zinc
	Zinc scrap

Chemicals	*Other materials*
Barium carbonate	Rayon
Chlorine	Rubber
DDT	*Products*
Ethyl cellulose	Cans
Melamine	Carded cotton sales yarn
Methylene chloride	Collapsible tubes
Napthenic acid	Construction machinery
Other materials	Insect wire screening
Hog bristles	Machine tools
Leather	*Activities*
Paper	Construction

In addition, the NPA has issued certain broad regulations applying to all critical materials and production.

A preliminary inventory control regulation limited the quantities of a specified list of materials that could be received or delivered and provided criminal penalties for any unreasonable accumulation of materials by any individual or business concern.

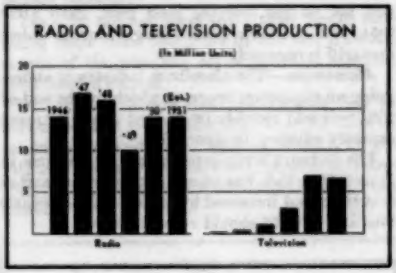
Another regulation seeks to assure all establishments in the United States—warehouses, factories, service shops, schools—necessary **supplies for maintenance, repair, and operation.** This directive was issued in recognition of the fact that a few pounds of metal today to keep a machine running is better than several tons of metal tomorrow to replace that same machine. The regulation gave each establishment the right to issue DO-rated orders for supplies for maintenance, repair, and operation.

Finally, directives are issued to individual companies when necessary to meet emergency situations, break bottlenecks, aid essential industries, assist hardship cases, or otherwise provide exceptions to the general orders and regulations. These directives require a specific company to make delivery of a specified amount of material to another company. Through March, over 650 have been issued. The freight car construction program and the Great Lakes cargo vessel program are being made effective through such directives.

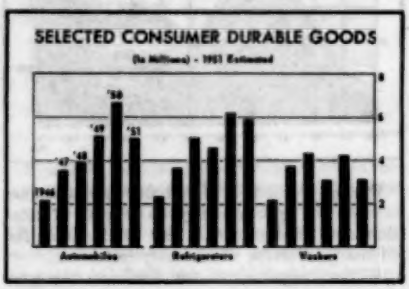
Consumer Goods Production Will Remain High

Up to now, the consuming public has scarcely felt the impact of Government controls over production and distribution. Production of most consumer items during the first quarter of 1951 actually exceeded production during the same period of 1950.

Because defense orders have been placed in large quantities only in recent months and time is required to organize production, output of civilian goods has held to these very high levels. NPA orders have restricted the use of scarce materials for civilian consumption only to the extent that they were immediately required by the military, defense-supporting, and stockpiling programs.



While the production of the major consumer durables—radios, television, automobiles, refrigerators, and washing machines—will fall in 1951 below the all-time high of 1950, there will remain



substantial output of these items. The accompanying charts show the comparison of 1951 production estimates with the output in recent years for certain key products. During the remainder of 1951, scarce materials going into nondefense production will be increasingly restricted, with the greatest over-all restrictions, under present schedules, occurring late in 1951 and early in 1952.

In the allocation of scarce materials, provision is being made to maintain balanced production, including the continuation of lower-priced and medium-priced lines and models in due proportion to total production.

Metals Are the Bottleneck

Weapons and production lines are made from metals. In a period of great military and industrial expansion, the availability of metals sets the scope and the pace.

As indicated below, many of the important metals now are or will be in short supply. To overcome these shortages and to hasten the time when an adequate defense, together with a normal civilian economy, can be supported, great efforts are being made to expand the supply of metals.

This includes efforts to bring domestic production and imports to a maximum and, for the longer run, a widespread exploration program.

Steel.—During the last 3 months military requirements took 12 percent of total steel production. The proportion will approach 20 percent by the end of the year.

To make steel available for military and essential civilian purposes, the new control orders will limit the amount of steel which can be incorporated in consumer durable goods during April–June to 80 percent of the average in the first half of 1950.

The shortage of steel has developed despite the highest rate of production in our history. In 1940, the steel ingot capacity of the nation was 81 million tons. The war expansion boosted capacity to 95 million tons by 1945. Last June the figure was 100 millions, and today it is 105 millions.

Yet when the Korean crisis struck, there was no excess capacity. The demand for steel exceeded all previous peacetime records. With the demands of defense superimposed on this civilian demand, the effect could be nothing other than an acute shortage.

The steel industry has thus been first in the Government's program of expansion, as reflected in the granting of tax amortization certificates and other financial aid. Current plans call for a capacity of 117 million tons by early 1953—or 22 million tons more than at the peak of World War II.

The expansion of steel capacity illustrates one of the fundamental problems of the mobilization program—the very act of expansion adds to the shortages that the expansion is designed in the long run to alleviate. Thus the increase in steel capacity necessitates building of plants and production of more freight cars, cargo vessels, and

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mining facilities—all of which require large quantities of steel and thus aggravate the shortage.

The effect of expansion programs on existing shortages has to be weighed in determining the scope of each program that is approved.

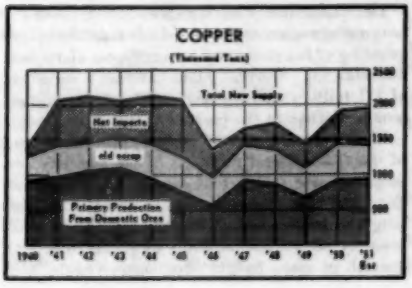
Within the steel industry, other shortages may appear. Coke-oven capacity and the supply of refractories are being expanded to prevent shortages. The availability of steel scrap is declining, which throws an additional burden on our limited iron-ore supply. New iron-ore sources in Labrador and Venezuela are being developed to supplement our declining domestic sources. In the case of the former, construction of the St. Lawrence seaway is needed to bring the new ore in.

Several of the metals used in production of certain steel alloys—such as columbium, cobalt, nickel, tungsten and molybdenum—are critically scarce and under control. Programs to increase supplies of these metals are underway.

Copper.—Defense production now consumes 12 percent of our total supply of refined copper. This proportion will increase to over 20 percent by the end of the year. Additional strains will be thrown on available supply by the high level of defense-supporting industrial activity.

To make supplies available, the use of copper in nonpriority activities will be cut during the April–June period to 75 percent of the average use in the first half of 1950—compared to 80 percent in March. Restrictions also will continue on the use of copper in less essential items and for unnecessary purposes.

As in the case of steel, the beginning of the defense program found the country's existing copper mines and processing plants operating at near capacity. Domestic production, which accounts for two-thirds of our total supply, exceeded in 1950

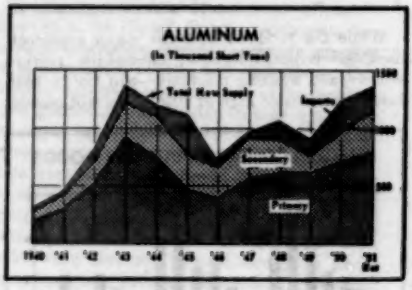

COPPER
Total New Supply
Net Imports
old scrap
Primary Production From Domestic Ores
1940 '41 '42 '43 '44 '45 '46 '47 '48 '49 '50 '51 Est.

any previous years except the peak years of World War II. Nevertheless, demand exceeded production by 15 percent, and was satisfied only through reduction of inventories. Domestic stocks are now very low.

Plans for the expansion of copper supply are directed at boosting production in foreign countries and, where possible, opening new deposits in the United States. Increases from these sources will not be felt, for the most part, until after 1951, and not then from foreign sources unless the tariff is removed.

Aluminum.—The aluminum industry is undergoing an expansion program which by the end of 1952 will add roughly 60 percent to the primary capacity existing in June 1950.

The industry's pig capacity of 750,000 tons in June 1950, which was adequate to meet demand at that time, had increased by March 1951 to 800,000 tons and by 1953 should reach 1,300,000.



During World War II, military production accounted for approximately 90 percent of total aluminum consumption and use of aluminum for civilian production was severely restricted.

Military requirements for aluminum this year are expected to be 25 percent of total supply.

The military demands, together with increased usage by supporting industries, necessitated a cut in the nondefense use of aluminum during February and March to 75 percent of the average monthly use in the first half of 1950. For the April–June quarter the permitted use is restricted to 65 percent.

Increase in supply may make it possible to relax these controls in 12 to 18 months.

A Controlled Materials Plan.—As the defense program moves into a period requiring tighter

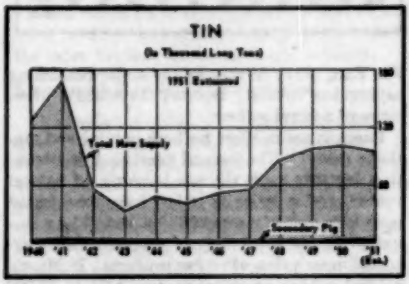
regulation, more direct control of the flow of certain metals will prove necessary.

For that reason, a form of controlled materials plan which will channel these metals to essential uses will be placed into effect later in the year.

Planning for the introduction of the additional controls has been under way for some time, in order that they may take effect smoothly when they become necessary.

Tin.—In normal years the United States consumes more than two-fifths of the world's total output of tin, virtually all of which is supplied from foreign sources.

Our position is now more comfortable than at the outbreak of World War II. Nearly a third of annual requirements can now be covered by the output of the Government-owned smelter at Texas City, which operates on concentrates chiefly from Bolivia.



Currently, domestic smelter production is averaging slightly more than 3,000 tons a month, about equal to the peak output attained in World War II. With a high rate of consumption and heavy stockpile purchasing, total imports for 1950 amounted to 109,000 tons, the highest level reached since 1941.

This year, imports have declined abruptly, due in part to the Government's efforts to bring about a reduction in the price of tin. The price reached an all-time high in February of almost $2 a pound—compared to 80 cents at the beginning of hostilities in Korea. Early in March all new purchases of tin for the stockpile were suspended, and the Reconstruction Finance Corporation was designated as the sole importer of tin in order to eliminate competitive bidding by buyers. The price has subsequently fallen.

To make tin available for defense needs, inventories are limited to a 60-day supply, and use of tin is prohibited in nonessential items, including jewelry, ornaments, and advertising displays.

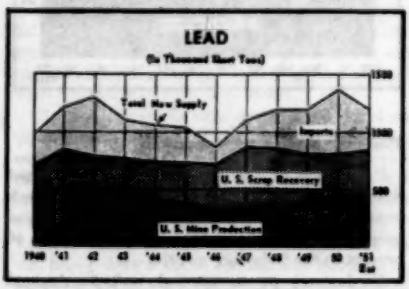
These conservation measures have made more tin available for essential civilian needs. Consequently, the second quarter limitations on the use of tin were raised from the February–March restriction of 80 percent of base period consumption to 90 percent for general use and to 95 percent for tin plate use which is necessary for the canning "pack" of our expanding agricultural program. Growing defense requirements in the last half of this year, however, may necessitate more stringent quotas.

Lead.—In addition to its direct military uses, lead is basic to every kind of modern transport and communications and to the manufacture of bearings used throughout industry. In 1950, the United States consumed almost 1,800,000 short tons of lead, including scrap—an all-time high.

Lead was in good supply during most of 1950. It began to get scarce toward the end of the year, however, and the new supply is now too small to satisfy all buyers.

Domestic mine output cannot be expanded enough even under emergency conditions to eliminate dependence on Mexico and Canada for a substantial part of our needs. An intensive drive might increase the recovery of scrap, but despite every effort, the United States cannot overcome its dependence upon imports for at least one-third of what is needed.

Consumers' inventories are now limited to a 60-day supply.


LEAD
(In Thousand Short Tons)
Total New Supply
Imports
U. S. Scrap Recovery
U. S. Mine Production
1940 '41 '42 '43 '44 '45 '46 '47 '48 '49 '50 '51 Est.

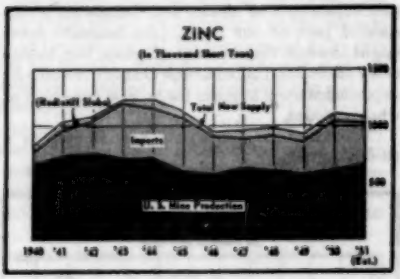
Zinc.—Since Korea, the demand for zinc has outstripped the available supply by a substantial

margin. Requirements have been met to a large extent by cutting inventories, but stocks are now at low levels and controls have been instituted to meet defense requirements.

In the critical period of World War II, more than half of the available supply of zinc was consumed by the brass mills and 80 percent went into direct or indirect military uses. Currently, less than 15 percent of our supplies are devoted to military requirements. As in the case of copper, military requirements of this metal will be much lower than in World War II by reason of utilization of steel in cartridge cases. Apart from direct military uses, zinc is essential in the galvanizing of iron and steel products for defense-supporting industries.

In 1950, production of slab zinc from ore amounted to 910,000 tons—a record output except for the two peak wartime years. The current rate is even higher. Consumption, including deliveries to the stockpile, reached about a million short tons.

To limit nonessential demand for zinc, orders now in effect establish inventory controls, impose rules for accepting and scheduling defense orders, and restrict the nondefense use of zinc and zinc products.

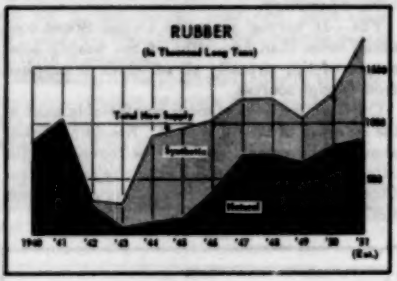


Rubber Shifts to Synthetic

Production of synthetic rubber in the United States was rising sharply when the Korean attack occurred, but after Korea every idle plant was ordered reactivated and production rose nearly 40 percent in the following months.

By January, production had reached an annual level of 730,000 tons, compared to 518,000 in July of 1950. By July of this year, the industry will produce at the rate of 950,000 tons a year.

Foreign production of natural rubber has risen also, but the combined increase of natural and synthetic supplies has not kept pace with defense demands. In addition to meeting current military requirements, it has been necessary to step up the purchase of natural rubber for the strategic stockpile. Despite very high production in the



Far East, heavy buying by the major consuming nations has virtually depleted the world's inventories of natural rubber.

Controls are in effect for both natural and synthetic rubber. The General Services Administration has been made the sole importer of natural rubber, and a series of orders have been issued governing domestic consumption, including a limitation on the percentage of natural rubber permitted in each class of rubber products. In March, natural rubber consumption was held to 33,000 tons and synthetic to 66,500, the latter figure being roughly equal to the amount produced.

Textile Production Is at Full Capacity

Textile products rank high among the materials and components essential for defense. They clothe the soldier, they go into most of the items in his pack, they form his cartridge belt, his parachute, his shelter, his bandages. They are components in hundreds of war materials.

The textile industries have ample capacity for normal peacetime requirements. Large military orders, however, bring about an unbalanced demand, particularly because military textiles are generally heavier than their civilian counterparts. Consequently, certain specialized machinery, such as duck looms, combers, and twisters, have become insufficient for the needs.

Major concerns in the industry are cotton and wool—cotton because production in 1950 was low and wool because demand has exceeded supply for the past several years.

Several new synthetic fibers will come into quantity production beginning next year and will relieve to some extent our dependence on foreign sources for wool.

At the end of March, textile production was running at full capacity. Cotton duck output was 35 percent above the high 1946–49 average, while rayon staple and yarn were up 30 percent.

Control orders have been issued setting aside 15 percent of high tenacity rayon yarn and 10 percent of carded cotton sales yarn production for DO-orders. The latter percentage may have to be increased sharply and the production and distribution of cotton duck may have to be controlled.

Steps are being taken also to expand textile capacity. The greatest increase undoubtedly will come in cotton duck, although narrow fabrics and other products may also be raised in proportion to the extra burdens placed upon the industry.

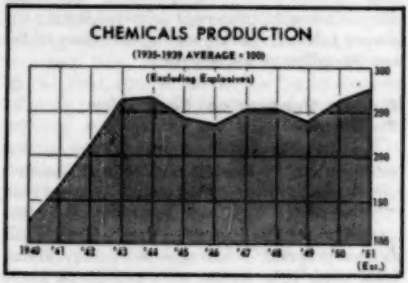
Chemical Use Has Broadened

Production of chemicals has more than doubled since 1940. The industry has grown not only in size but in scope with recent technological developments. Since the war, the development of the plastics industry alone has been fabulous.

As the defense program began, certain key chemicals at once became scarce. Most critical present shortages are in sulfur, sulfuric acid, hydrochloric acid, chlorine, and sodium phosphate. Also in short supply are glycerin, ethylene chloride, methyl chloride, ethylene glycol, acetic acid, acetic anhydride, methanol, and benzene.

Sulfur is vital to industry for a wide range of uses. Once mined plentifully and cheaply from rich Gulf Coast deposits, our sulfur resources are facing depletion as the result of heavy wartime drains and a present demand running more than 50 percent above the World War II peak. Domestic deliveries have fallen 15 to 20 percent and exports have declined to about 70 percent of the 1,100,000 tons shipped abroad in 1950. This shortage will enforce consideration of pyrite as a source of acid in areas where pyrite is available.

Stemming from the sulfur shortage is a shortage of sulfuric acid, basic to virtually all chemical manufacture and to the steel and synthetic rubber industries. Demand for chlorine for defense purposes is mounting and the increased production of alkalis—also in scarce supply—depends on construction of new chlorine plants as a part of the chemical expansion program now under consideration.



Benzene output will be greatly expanded when large-scale manufacture from petroleum begins, but the major portion of this increase will await completion of new plants in the first half of 1952. The chlorine and the benzene shortages affect production of other items, including pesticides, aniline and phenol. A shortage of tank cars is aggravating the scarcity of hydrochloric acid.

To deal with the growing shortages, a large number of chemicals have been placed under controls of varying degrees.

Stockpile Purchases Have Been Rising

In anticipation of the critical shortages of many raw materials in the event of full-scale war, we have since World War II been accumulating strategic materials in a national stockpile, both through purchase and through transfer from Government surpluses. A total of 73 materials are covered in the program, including the critical metals, natural rubber, and fibers.

Our total stockpile requirements, computed on the basis of estimated wartime needs less estimated supplies available during the war period, amount to $9.7 billion measured in February prices. On March 1, approximately $3.2 billion of these requirements were on hand.

While materials now stored in the stockpile are not being drawn upon for defense production, the amount of new deliveries has had to be weighed against the new needs of the defense program as well as other essential needs. As a consequence,

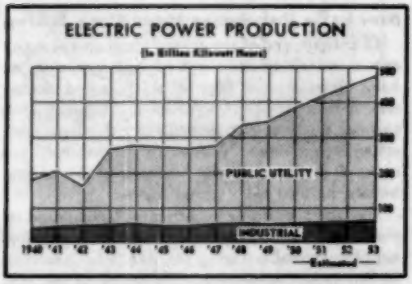
deliveries have in some instances been suspended or reduced.

The over-all procurement rate, nevertheless, has increased sharply. Contracts were placed during the January–March quarter for nearly $1 billion in stockpile materials, against $430 million during all of the preceding 6 months. Expenditures for materials delivered during the January–March quarter were double those of the corresponding period last year.

Power Generation Continues To Expand

The Defense Electric Power Administration estimates that within the next 3 years, electric power capacity needs to be increased by more than 30 percent—by 22,000,000 kilowatts above the present 67,500,000 capacity. Major phases of the defense program, including atomic energy, aluminum, other light metals, steel and alloys, heavy chemicals, rubber, aviation gasoline, and munitions, all require increased power generation.

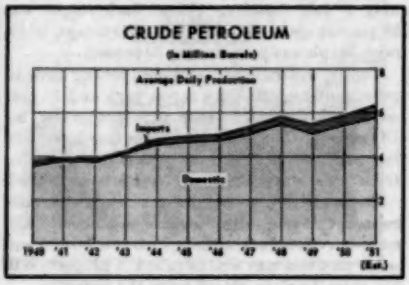
Expansion of power resources is under way, but the problem is magnified by the time required. From two to three years are required to construct a large power plant, and longer periods for major projects and hydroelectric developments. The projects which will be completed in 1951 and 1952, for instance, were begun in 1948 and 1949; those started now will not be in service before 1954.



Oil Production Needs To Be Increased

Estimates prepared by the Petroleum Administration for Defense indicate that the country's crude-oil refining capacity needs to be stepped up by 1 million barrels a day, bringing total capacity to 8 million barrels. This would mean expansion all along the line—in the rate of well drilling, in basic and specialized refining capacity, in transportation and distribution facilities.

Total demand for petroleum, including military requirements, now amounts to 7.7 million barrels a day—one-third more than the World War II peak and nearly two-thirds higher than at the time of Pearl Harbor. Refineries are running at close to effective capacity and nearly 1 million barrels a day of crude oil and petroleum products are being imported.



To bring oil to the surface requires large quantities of steel—in the form of drill pipe tubing and casing.

Steel is currently being allocated on the basis of an objective of 43,400 new domestic wells during 1951—the number estimated as needed to maintain oil and gas supplies at levels adequate for military and civilian demands. The distribution of oil-country tubular goods and other materials within the petroleum and gas industries is being controlled.

In addition to an expansion of basic crude refining capacity, new catalytic cracking and reforming facilities are needed to manufacture high-octane gasoline. Additional plants are needed also to produce alkylate and other components used wholly or primarily in aircraft fuels, and new facilities are required to produce chemicals such as benzene and toluene from petroleum.

Substantially increased facilities for producing, transporting, and distributing gas would be needed to meet demands which by 1955 are expected to reach 8.1 trillion cubic feet annually, compared to 6.1 trillion in 1950.

Coal Is Plentiful but Coke Is Short

Coal reserves are ample, and present productive capacity is adequate to meet foreseeable demands, providing adequate manpower, transportation, and operating materials and supplies are available. All available coking facilities, however, are being fully utilized and additional capacity will have to be installed to meet the increasing demand for coke.

During 1950, 72 million tons of coke were produced. During the year, 552 slot-type ovens were placed in operation, but 371 went out of operation due to obsolescence, and the net gain in by-product coke capacity for the year was only 133 thousand tons. The extent to which new capacity can be added is limited by the shortage of capacity for producing silica brick.

Electronics Industry Has Not Felt Full Impact of Defense Program

The electronics industry is producing at near capacity levels although the heavy military demand for electronics equipment has scarcely yet been felt. The full impact will come when the heavy end products of war—tanks, planes, automatically controlled weapons—reach the mass-production stage.

The current near capacity production level of the industry is approximately $4.5 billion. To meet the new requirements, we hope to be able to expand capacity further this year.

To aid in the program an interagency Electronics Production Board for over-all coordination of electronic production was established by DPA on March 21.

The Committee's objective is to make certain that no electronic bottleneck stymies any element of the defense effort. This requires attention to research and development, facilities expansion, production engineering, and standardization in order that the required equipment will be available when needed for incorporation into the manufacture of the combat weapons.

Increasing Rail Freight Capacity Is the Major Transport Problem

High production and activity are placing a strain on our transportation system. In an attempt to ease the strain on the rail system, we are now increasing freight-car production to 10,000 new cars a month. Particular attention is being given tank cars, which are in shortest supply. During January and February, we produced only 6,000 cars but the rate will rise in coming months.

Some, but not enough, progress has been made in increasing the efficiency of freight cars now available. Toward this end the Defense Transport Administration has issued orders calling for penalty demurrage charges on cars held beyond a certain time, for improved handling of cars by rail lines, and for heavier loading by shippers of grain products. To assure rapid movement of military supplies the railroads have been requested to give priority to military traffic. The shortage in freight cars cannot be solved by construction of new cars alone—more drastic measures to improve the use of existing cars is required.

The rising volume of highway traffic, both passenger and freight, means we must pay particular attention to the maintenance of the capacity of our highway system. Only scattered shortages affect the trucking industry.

A program for building additional ore cargo vessels for Great Lakes shipping is under way, and a bill was enacted on March 29 to permit Canadian vessels to carry iron ore between United States ports on the Great Lakes during the 1951 season.

A National Shipping Authority has been activated under the Secretary of Commerce to help in relieving the current shortage of shipping for the transportation of vital cargoes at reasonable rates. Should the need arise, authority exists for the requisitioning of ships and cargo space.

To maintain and expand the capacity of our civil aviation resources, priority assistance is planned for the production of 272 new transport aircraft.

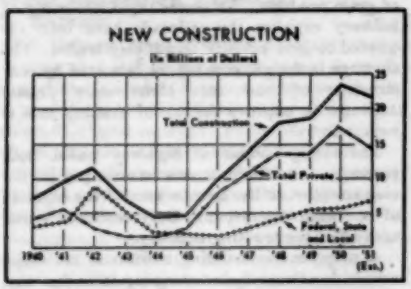
Construction Is Still at Record Heights

A new winter record was established in the volume of new construction during the January-March quarter when a large-scale industrial plant expansion program was added to the continued boom in housing construction.

Total private investment in new construction amounted to almost $5 billions—about one-fourth more than during the first quarter of 1950. Industrial plants accounted for 9 percent of the total, compared with 5 percent a year ago. New plants to produce basic metals, chemicals, and

textiles made up a considerable portion of the industrial expansion.

Shortages of practically all metallic building materials are causing some delays in construction. Delivery schedules were much longer than usual on structural steel, plumbing and heating supplies and equipment, wiring devices and supplies, and many other items made of steel or nonferrous metals. Distribution problems on gypsum products and millwork were still causing construction delays in some areas during the first quarter of 1951.


NEW CONSTRUCTION
(In Billions of Dollars)
Total Construction
Total Private
Federal, State and Local
1940 '41 '42 '43 '44 '45 '46 '47 '48 '49 '50 '51 (Est.)

The home-building rate now appears to be easing off as a result of credit restrictions imposed in the summer and fall of 1950.

Construction of entertainment and recreational facilities costing over $5,000 without specific authorization by NPA has been prohibited, and on January 15 all commercial construction over $5,000 was made subject to NPA approval.

Many less essential uses of metals in building materials have been prohibited or restricted by orders to conserve critical materials needed for defense. Efforts also are being made to promote the conservation of critical materials through substitution and changes in design.

If required materials were available, there are indications that more private building would be done in 1951 than in any previous year in our history.

The Resources of Small Business Must Be Efficiently Used

Over 90 percent of all American businesses are small. The success of our mobilization program requires efficient use of the facilities and resources of these businesses.

Small and medium-sized manufacturing firms tend to feel first the dislocations and displacements involved in the conversion of production from less essential civilian goods to military items. Their inventories, their financial resources, and their sources of supply are all less extensive than those of their larger competitors. At the present time they are caught between restrictions on materials and a low volume of subcontracting by the large companies.

To give specialized attention to the problems of small business and serve as its general advocate within the Government structure, an Office of Small Business has been established in the National Production Authority.

The Munitions Board and the Departments of the Army, Navy, and Air Force have also taken a number of steps designed to make it easier for all businessmen to find out what products are being bought, the locations of the offices that are buying them, and how to go about obtaining military contracts and subcontracts.

During the last half of 1950, over 21 percent of the dollar volume of all prime contracts awarded by the Department of Defense went to firms employing fewer than 500 persons.

Moreover, to meet the accelerated production schedules which have been and are being established, prime contractors are increasing sharply the extent of subcontracting. This development will be particularly marked in the aircraft industry.

A certain time lag between the award of a prime contract and the negotiations between the prime contractor and prospective subcontractors is inevitable. Detailed specifications must be prepared, multiple copies of blueprints must be run off, and invitations to bid prepared and disseminated to prospective subcontractors and suppliers. Before executing a subcontract, particularly for a key part or subassembly, a prudent prime contractor will wish to satisfy himself as to the subcontractor's equipment, facilities, inspection standards, and responsibility.

Information on procurement and subcontracting needs is being provided daily to businessmen through 6,000 outlets in the 48 States including chambers of commerce, banks, and other local organizations.

Orders restricting the use of materials have generally applied the same percentage reductions to all businesses, large and small, but in nearly all of these orders a basic exemption has been included for small quantities used by smaller

manufacturers. In addition, the orders set forth a general policy that materials not required for the defense program be distributed through normal channels, which take account of the requirements of new and small businesses.

Given all the assistance that Government can provide, the role small business will play in the defense program will still necessarily require the same aggressive salesmanship that has been vital to their continued survival in competitive peacetime markets. They must themselves take the initiative in selling their products, not only to military contracting officers, but also to the military prime contractors who assemble finished products from subcontracted parts and components.

All-Out Production Is the 1951 Goal for Agriculture

The basic contribution of the farmer to the defense program is adequate production. He must feed and clothe 150 million Americans, must produce materials for military supplies, and must furnish food to friendly nations standing beside us in the fight against Communist aggression. To help meet our economic needs, farmers must produce the quantities and kinds of products necessary to help stabilize prices and minimize the disruption to our civilian economy caused by the defense program.

To encourage more agricultural production, decisions were made after the Korean crisis to remove crop-allotment provisions from wheat and rice and to establish no allotments for corn and cotton.

These important moves preceded formulation of a comprehensive production guides program by the Department of Agriculture to assist farmers in planinng all-out production in 1951. This program as it affected the major food, feed, and fiber crops was announced February 2, well in advance of planting time.

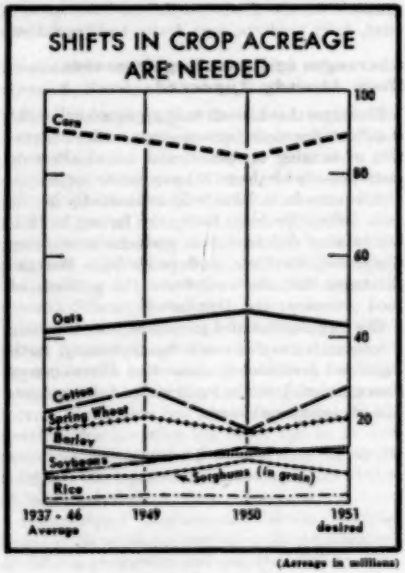
The program calls for a total agricultural production larger than ever before—3 percent higher than the previous record.

The production guides seek the highest level of production for those crops which will be needed most. The program calls for the highest practicable increases for corn and wheat, the major food and feed grains. About 60 percent more cotton is sought than was produced in 1950—16,000,000 bales—or about the same amount as the high output of 1949. An increase of 22 percent in

WE ARE ASKING FARMERS FOR RECORD PRODUCTION
* Indicated on Basis of Production Guides
160
140
130
120
110
1940 '41 '42 '43 '44 '45 '46 '47 '48 '49 '50 1951
1935 - 1939 = 100

production of vegetable crops for canning and freezing is asked, along with greater output of seeds for hay and forage crops essential to greater livestock production and for conservation of soil resources for insuring adequate production in the future.

Large production of livestock, dairy, and poultry products is also needed. The current trend of farmers to produce more meat should be continued to the extent that feed supplies are available. Through all its available facilities, the



Department is shaping plans to assist farmers in increasing livestock production.

The Department has broken down the production guides into State and county goals, and teams of specialists have visited key production areas to assist local authorities in explaining to farmers the necessity of achieving the goals. Such activities were stepped up just before planting time in important producing areas. The Department is also using its authority to adjust price supports to encourage the output of crops that are most needed.

The Food Supply Outlook Is Good

The American farmer has been producing at a rate nearly 40 percent above pre-World War II levels, and the American standard of eating has been high. The present high level of food consumption is expected to continue in 1951. In fact, in spite of higher military demand, civilian food supplies are likely to be a little larger than in 1950, when they were 12 percent higher, on a per capita basis, than in the prewar period of 1935–39. Stronger consumer demand resulting from higher consumer incomes is expected to exert more pressure on the foods consumers want most—meat, dairy products, eggs, fruits, and vegetables.

Shortages in Farm Requirements Have Already Appeared

Shortages that have already appeared will make it difficult for some farmers—even with conservation of existing equipment and use of alternate materials—to hit their 1951 production targets.

Adequate farm labor will undoubtedly be the most difficult problem facing the farmer in 1951, but he may also face some problems in securing equipment, fertilizer, and pesticides. Material shortages will also complicate the problem of food processors and distributors.

The Department of Agriculture is maintaining a constant survey of needs for machinery, fertilizer, and pesticides in order that allocations of scarce materials can be made with a full appreciation of agriculture's needs.

Farmers themselves can, however, do much to alleviate shortages. They have already been urged to keep their machinery in good repair and to limit purchases of new machinery to essential replacements or to the minimum required to meet expanded production schedules. As pesticides, they can use other effective materials in place of the chemicals they have become accustomed to in recent years. Conservation of cotton and burlap on the farm, especially through reuse of cotton and burlap bags, is urged.

Distribution Problems Being Studied

In addition to adequate production, efficient and equitable distribution of food, fiber, and other farm-produced products is needed if we are to meet defense requirements and hold the line of prices. Special committees are now making estimates of total food supplies from all sources, and of total requirements both for the short and the long run. These estimates will be used in making recommendations on distribution controls, on agricultural production guides, on desirable stock levels, on imports, and for other uses. It has not been necessary, as yet, to impose stringent distribution controls except in a few cases. Exports of cotton, cotton waste, cotton linters, and cotton linters pulp are subject to allocation at the present time. To relieve congestion at seaports, the Defense Transport Administration, in cooperation with the Department of Agriculture, has made the movement of grain through port terminal warehouses subject to a permit system.

Mobilization Committees Established for Agriculture

Spearheading agriculture's defense effort are National, State, and county agricultural mobilization committees established in February by the Secretary of Agriculture. Through them it will be possible to reach quickly every farmer in the Nation in regard to food needs and other defense matters. An advisory Agricultural Mobilization Policy Board also has been established at the National level.

MAKING THE MOST OF OUR MANPOWER RESOURCES

Economic and military strength depend upon the brains and hands that develop, maintain, and operate the machines of production and defense.

Fortunately we have the most highly developed skills and production "know-how" of any nation. We have also the advantage of the initiative, resourcefulness, and enterprise of a free people—the products of our democratic way of life. But in numbers our manpower resources are limited.

Therefore, if we are wasteful of our resources, manpower deficiencies could become the limiting factor in production and in military strength.

Our work force is already almost fully employed. The number of young men of fighting age who can be marshalled is limited. Some skilled trades and professions which require long training are already in short supply. Many, if not most, of those who can be brought into our labor force, although they have latent abilities, must be trained before they can become effective.

To make the best use of our manpower resources, we, as a nation, must accomplish the following:

1. **We must distribute our manpower between the military services and the civilian economy so as to achieve the best result in terms of the national interest.**

2. **We must expand the supply of manpower available for defense production, including agriculture, until requirements are met.**

3. **We must utilize our work force at their highest skills and capacities.**

4. **We must quickly train adequate numbers for defense jobs and continue the education and training of skilled and scientific personnel.**

5. **We must provide adequate housing and community facilities and services for defense workers whenever the defense production cannot be located where the workers already live.**

6. **We must maintain our basic standards of education and health, so as to develop our manpower resources over the long run.**

Many problems that arise will be local in nature and must be solved by local action. National policies for manpower mobilization were defined by the President in a directive issued to all agencies on January 17.

The Needs Will Be Met by Voluntary Actions

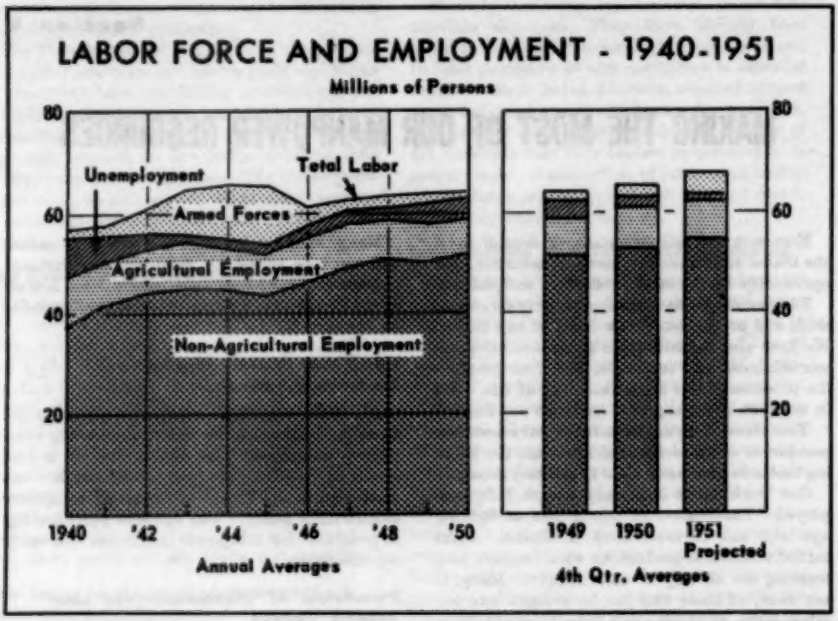
All of the foreseeable manpower needs for defense production can be met without using compulsory measures. The desirability of a free choice of his job on the part of each worker was reaffirmed in the President's national manpower mobilization policy. The agencies participating in programs for manpower utilization will carry out this policy.

Provision of Manpower for the Armed Forces

Since the beginning of the Korean conflict, the Armed Forces have been expanded by more than 1.4 million men. Compared to fewer than 1.5 million last June, present strength is more than 2.9 million—two-thirds of the increase needed to meet the goal of about 3.5 million. This has been accomplished through an intensified recruitment program, recall of reserves and mobilization of National Guard units, and a revival of inductions through Selective Service.

In order to provide an adequate pool of manpower to meet the future needs of the Armed Forces, as well as to make provision for a long-range program of universal military training and service, the Senate has passed legislation which provides for lowering the draft age to 18 and extending the period of service from 21 to 24 months. The legislation is pending in the House of Representatives.

Occupational Deferment.—Certain occupational skills which are critical to the maintenance of defense production and essential civilian serv-



ices have been identified in order that men possessing them may be called into the Armed Forces only to the extent that their skills are actually needed in military service. These skills are contained in a "List of Critical Occupations" which, along with a "List of Essential Activities," was prepared by the Departments of Commerce and Labor. The lists are used by the Department of Defense in determining who should be deferred in calling reserves to active duty. The Selective Service System has also distributed these lists to their local boards for their information in considering requests for occupational deferment.

The Selective Service Act was amended on September 9 to authorize the special registration, classification, and induction of certain medical, dental, and allied specialists under 50 years of age. Although the registration is complete, sufficient volunteers have made unnecessary so far any involuntary inductions under the "doctor draft."

Student Deferment.—Since the present critical world situation may last for many years, we must not deplete one of our principal assets—our highly trained personnel in many specialized fields. Enough engineers, scientists, doctors, and other specialists must continue to flow out of our colleges for replacements and to meet the increasing demands of our complex modern society.

To meet this need, a sufficient number of students will have to have their service in the Armed Forces postponed and be allowed to continue with their college education. Financial assistance should be provided for exceptionally qualified students unable to pay their own way. Specific plans for this purpose are now under consideration by the executive agencies and the Congress.

Defense Production Will Require 3 to 4 Million More Workers

To meet our defense production goals, the portion of the labor force engaged directly or indirectly in defense production will have to be increased by 3 to 4 million workers in 1951.

Part of this requirement may be met by a shift

of workers from nondefense to defense production. However, in order to meet the requirements fully, and at the same time maintain nondefense production as fully as possible we need to add a large number of persons to the present working force as a whole.

Such an increase to the working force is feasible, despite the fact that the number of employed workers is now at record heights.

By February 1951 we had 61,300,000 men and women in our civilian work force. Of these 58,900,000 were employed—the largest number ever at work in February. Unemployment was down to 2,400,000, compared with the 4,700,000 unemployed in February 1950.

The rise in employment in defense production has thus far been moderate, largely because of the length of time it takes to translate defense plans and appropriations into actual production and jobs. The initial employment increases occurred chiefly in industries already engaged in production of munitions and related items, such as aircraft and ordnance. With the building, expansion, or reactivation of defense plants, sharp employment gains also occurred in the machinery and related metalworking industries, as well as in industrial construction. Increased procurement of civilian-type goods, such as food and clothing items, for the growing military establishment also contributed to an expanding demand for workers.

However, during this initial phase of the defense program, employment on defense orders has been very largely superimposed on the continuing high volume of goods produced for the civilian economy. **The major part of the employment impact of the defense program upon civilian industries still lies ahead.**

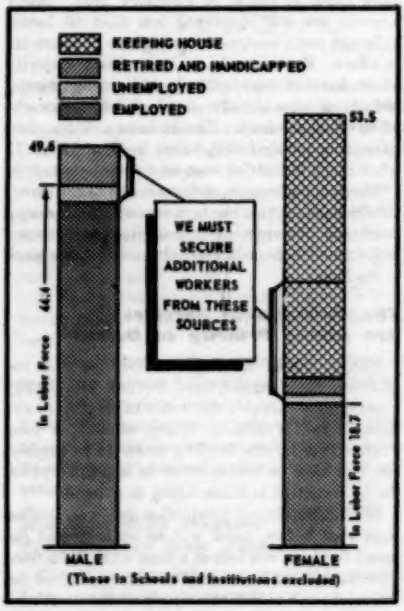
Expansion in both civilian and defense production has led to a general tightening of the labor supply. As shown on the map on page 27, in January 38 of the 151 major industrial centers of the country reported unemployment at less than 3 percent of the labor force, compared to 19 centers in July 1950. In an additional 68 of the major centers, unemployment was down to between 3 and 5 percent in January. Since then, further drops in unemployment have resulted in a further tightening in most of the major labor markets of the country.

Local shortages are particularly severe in some occupations. Demand has exceeded supply in some localities for engineers and draftsmen and for certain of the skilled metalworking occupations, such as machinists, tool and die makers, aircraft assembly workers, and pattern and model workers. In a few localities, recruitment problems have extended even to semiskilled occupations. While troublesome in some areas, these labor shortages have not yet significantly retarded defense production.

The major sources of the 3 to 4 million new defense workers will be:

Transfer From Nondefense Activities.—Much of the need for defense workers will be met by the transfer of workers from civilian activities. Many will shift without leaving their present job stations as their establishments convert to defense production.

Reduction of Unemployment.—Although the number of unemployed workers is already relatively low, we can expect a further movement of unemployed workers into jobs as defense production accelerates.



Addition of New Workers.—In recent years our labor force has grown at an average rate of nearly 1 million annually, due mainly to the growth in the population of working age and to the increasing employment of women. This growth will be less in the years immediately ahead because of the increased requirements for military service.

As shown in the accompanying chart, about 38 million persons of working age and not in school are not in the labor force. Of these, 5 million were men and 33 million were women. Important reserves of manpower are available among housewives with grown children, older persons near the conventional retirement age, and the handicapped. If industry adapts its hiring practices and job standards to utilize these sources of manpower, we can add an additional million workers or more from these sources this year.

Increased Hours of Work.—For each hour of overtime added to the workweek in manufacturing establishments, we would gain the production equivalent of almost 350,000 new workers. The workweek in manufacturing industries averaged about 41 hours in February 1951. Many workers are still employed less than 40 hours, although some workweeks as high as 48 hours are in effect. For example, in December a majority of workers in machine tools and copper mining industries were already on scheduled workweeks of 48 hours or more. The 41-hour average compares to a peak of 45½ hours in World War II when many industries were on a 48-hour schedule.

There are, of course, definite limits to the extent to which production can be increased by increasing overtime. Absenteeism and declines in efficiency begin to cut in heavily after about 48 hours a week is reached.

The Employment Services Are Giving Priority to Defense

United States Employment Service and the affiliated State employment services are already proving of invaluable assistance to employers and workers in the orderly filling of defense jobs. Preferential service is being extended to employers with defense contracts or in activities which the Government is encouraging to expand.

With agricultural production goals set higher than ever before, there will be an increased demand for farm workers at a time when inductions into the Armed Forces and the attractions of defense jobs will reduce the supply of farm workers. The farm placement service of the public employment system has accordingly expanded and intensified its recruitment program.

The President's national manpower policy calls for full use of domestic manpower resources before foreign workers are brought in. The domestic supply of certain types of harvest labor, however, has never been entirely adequate since World War II, and arrangements are now being made for the increased numbers of foreign workers who will be required as the manpower situation tightens.

Where Possible, the Work Will Be Brought to the Worker

The large-scale migration of workers during World War II led to congestion and overtaxed housing, health, educational and other community facilities, and services in many localities. To avoid these consequences in the current program, the Government agencies concerned are taking steps to see that the labor supply in nonshortage areas will be used as fully as possible before additional jobs are created in areas of labor shortage. The Secretary of Defense on December 17 directed the military departments to pay particular attention to the availability of manpower, in letting defense contracts.

In addition, every private employer is urged to follow the same policy in the placement of subcontracts, in the ordering of materials, and in the securing of services. Particularly, every employer should utilize local labor supplies to the utmost before undertaking out-of-area recruitment. Where the local labor supply is inadequate, workers can be recruited from other areas in the State or from areas outside the State through the clearance system of the public employment service.

The movement of workers from jobs in less essential industries or services to defense plants should be encouraged, but "pirating" of workers by one defense plant from another should be avoided.

Movement of workers into defense industries will be impeded unless reemployment rights of transferred workers can be preserved and their seniority, pension, and insurance rights protected. Labor, management, and Government groups are working to formulate solutions.

Most of the defense-production industries undergoing rapid expansion in the months ahead have historically had a higher wage structure than many other sectors of the economy. This will be

an important factor in recruiting workers for these industries, although the differentials are less than they were in World War II. Experience during World War II indicates, too, that the longer average workweek in defense plants (with premium overtime pay) and greater opportunities for training and advancement were also important factors in attracting workers. If in unusual cases, however, these incentives prove insufficient to prevent serious manpower shortages in critical defense industries, adjustments in wages can be allowed under the wage-stabilization regulations.

Effective Use of Manpower Will Increase Productivity

Many American workers are still employed in jobs which do not utilize their skills to the fullest extent. Efficient use of manpower requires the wider application of progressive personnel policies, upgrading, training, and advanced techniques in labor relations and human relations.

To secure maximum utilization of his work force, each employer, private and public, should—

1. Make the maximum use of skills of manpower already employed, including the systematic upgrading of workers to higher skill levels, the relaxation of retirement policies, and the modification of job specifications to eliminate underutilization of persons with needed skills, particularly among minority groups.

2. Keep manpower working full time and at peak productivity by providing favorable working conditions, health and safety programs, minimizing time lost due to production factors, and eliminating unnecessary work;

3. Retain the present working force by minimizing those factors which contribute to turnover.

4. Establish effective assignment, induction, and training programs for newly employed workers;

5. Use part-time workers.

To assist employers in achieving these objectives, the public employment service has expanded its program of technical service in manpower utilization.

Workers Will Require Training for New Jobs

Two types of training are required to meet defense production requirements:

1. Training for immediate production needs—introductory training on the job of new workers, refresher training for those returning to the labor market, and instruction required as a result of shifts from nondefense industries or upgrading of workers in the plant.

2. Training for longer range needs—for the skilled trades and for scientific, technical, and professional pursuits.

In meeting the immediate production needs, the primary responsibility for training his workers rests with the employer. The Department of Labor's "skill improvement program" is available to give him such assistance as he requests for in-plant training. In addition, the Federal-State vocational education system will provide instructional personnel, materials, or facilities for defense training when they are beyond the capacity of individual employers. In this way, the needed training will be tailored to the needs in each locality and each plant.

As for the longer-range training needs, acute shortages have already appeared in some crafts. The Department of Labor, in cooperation with management and labor and State agencies, is expanding and accelerating its apprenticeship program to assure a sufficient number of craftsmen, especially in critical occupations.

Housing and Community Services Are Critical in a Few Areas

Experience in World War II demonstrated that housing shortages, inadequate public health measures, crowded schools and hospitals, overtaxed shopping and recreational facilities, and a lack of child-care facilities and services not only lowered workers' efficiency, but made it difficult to retain the manpower recruited for defense industries.

Despite our general policy of bringing the work to the worker, other overriding considerations have already made it necessary to expand employment in several congested areas—for example, San Diego and Wichita—and in a few instances in areas where housing and other community facilities and services are practically nonexistent. The latter is particularly true in the case of the Atomic Energy Commission projects at Paducah, Kentucky, and on the Savannah River in South Carolina.

To meet the problem of these and similar localities, an interagency Critical Area Committee has been established under the Defense Production Administration to designate "critical defense areas" and to consider steps to minimize the impact of the defense program.

Credit controls on private housing construction are being relaxed in such areas in order to stimulate production of part of the housing needed. The disposition of the remaining 300,000 units of war housing constructed by the Government during World War II has been halted, unused units reopened where needed, and priority for occupancy given to defense workers.

Long-Range Manpower Resources Depend on Health and Education

In a long-term defense program, we cannot neglect the maintenance of our general standards of health and education without a loss of ultimate strength.

Sickness keeps about a million workers off the job every day. We cannot afford this waste of manpower.

In order to maintain health standards, it is estimated that by 1954 we must train 21,000 physicians, 9,000 dentists, and 50,000 nurses more than are now practicing or being trained. Our training institutions in these fields must therefore be immediately expanded. This will require private, local, State, and Federal cooperation.

The Senate has passed a bill providing for expansion of our local public health services, in order to meet the needs particularly of strategic national defense areas.

The men and women who will be needed in the future for military service, for the factories and the farms are the children now in primary and secondary schools. In view of the long-range character of the defense program, it is important that we develop further the present American system of local, State, and Federal cooperation for meeting our educational responsibilities. In this connection, the need of eliminating overcrowding of schools and of providing adequate educational equipment and staff must be weighed against the other competing claims for scarce materials and manpower during the emergency period. Prompt action is particularly necessary where schools are overburdened because of the growth of defense activities.

MAINTAINING A STABLE ECONOMY

All of the things we are doing—and must do—to strengthen America and the free world can be accomplished only if the American economy is kept firm and stable.

We can build a strong defense only with strong dollars.

We can plan and produce the things we need for our survival only if inflation is prevented from pushing down the value of our currency.

We can mobilize America's vast productive machine most effectively only if costs are stable and we have an orderly flow of materials.

We can mobilize most fairly only if prices and incomes are kept in balance.

Consequently, we must win the battle against inflation.

What Must Be Done?

The root cause of inflation lies in a simple relationship. Total demand for the goods and services which people want to buy exceeds the supply. When more and more money is bidding for the same amount of goods and services, prices are pulled up. As prices go up, workers ask for increased wages and other costs go up, pushing prices even further. In this way the inflationary spiral gathers momentum.

There are two ways to combat inflation:

1. To get demand and supply in better balance.
2. To prevent the normal effects of an unbalanced demand and supply situation by regulating prices and wages.

The first of these approaches gets at the **causes** of inflation. It does this by reducing the volume of purchasing power, while at the same time increasing the supply of goods by every means which does not interfere with the defense program. The reduction of demand is accomplished by these principal means:

a. Reducing credit.
b. Increasing taxes.
c. Increasing savings.

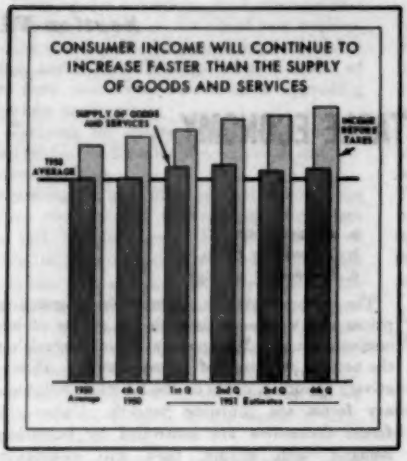
The second of the approaches—regulating prices and wages—deals with the **effects** of excessive demand. It imposes artificial controls on the natural workings of a free economy. Figuratively speaking, it sits on the lid while inflationary forces are churning beneath. Unless the forces themselves are controlled by balancing demand with supply, they will eventually explode through the lid.

We must not underrate price and wage control as an emergency measure. It is vitally important to sit on the lid, and sit upon it hard.

How Severe Are the Inflationary Pressures?

By the end of 1950 we found ourselves in the midst of a spiral of inflation—and our defense effort had just begun. By the end of 1951 it is expected our effort devoted to defense will have doubled, with 15 percent of total production going to defense. This means that, while we will expand our national product and income, a smaller proportion of our total production will be available for consumers to buy. Civilian supplies will be large during 1951—in some instances perhaps even larger than those available during 1950—but the amount of money available to buy these supplies will be even greater, as more people will be at work and they will earn more money. We cannot eat tanks and guns, but the men and women who get paid for making them compete with their money for the supply of available consumer goods. The efforts of these workers add to total buying power but of necessity the goods they produce are not available for consumption.

The extent of these pressures during 1950 and those which can be expected this year are illus-



trated by estimates of income and production of goods for consumption.

During the last half of 1950, before the major impact of the expanded defense program had been felt, we were forewarned of what the future had in store if stabilization controls were not applied.

With our economy operating at high levels in June 1950, the inflationary forces took hold rapidly since there was little slack in the economy. This was unlike 1939 and 1940 when much of our equipment and about one-sixth of our labor force were unemployed and thus available to expand our output of consumer goods as well as munitions.

Memories of price rises and shortages of World War II years have also contributed to inflationary psychology. The consumer and the businessman remembered having been "caught short" before, having to replace inventories at higher prices, not being able to purchase an automobile or washing machine. There was a big rush last summer and fall to buy while goods were still available and before prices rose higher.

In the last half of 1950, industrial production rose 10 percent but it could not keep up with the increased demands. Business expenditures for new plants and equipment rose 25 percent between June and December, while business inventories rose from $54 billion to $61.5 billion. Consumers rushed to buy.

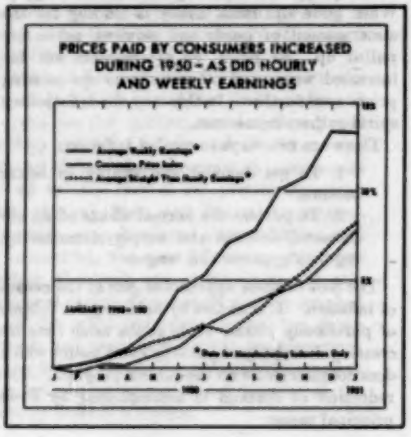
This buying wave was made possible largely by the fact that people had sharply rising incomes and profits. It was also stimulated by the eagerness of buyers to spend their savings, and their willingness to borrow if they lacked cash. Total consumer credit rose to a record $20 billion at the year's end. Similarly, commercial bank loans rose to a record of $53 billion by the year's end, and the rate of turn-over of bank deposits increased significantly.

By December, the inflationary effects were sharp and decisive.

The index of prices of certain basic commodities which are highly sensitive to changes in the business outlook shot up 35 percent from June to December while wholesale and retail prices rose to 11 and 5 percent respectively.

With the rise in sales volume, in prices, and in inventory values, corporate profits before taxes rose sharply, reaching in the fourth quarter of 1950 a level 28 percent over the last quarter before Korea. In the last quarter of 1950 dividend payment reached a record height of $2.9 billion.

With living costs rising and corporate profits increasing, workers pushed for higher wages. By the year's end, straight-time average hourly wage rates for workers in manufacturing had increased 7 percent, and average weekly earnings, due to overtime and other additional compensation, were up 13 percent over the January 1950 level.



These inflationary movements took place largely in anticipation of the defense program and in spite of the tax and credit control action taken in the latter half of 1950. After the Chinese intervention in Korea late in the year, and the subsequent speeding up of our military effort, it became apparent that indirect measures would not suffice to stop the inflation. Direct controls were, therefore, instituted in January to keep the inflationary forces under control.

What Is Being Done?

While attempting to maintain maximum production, the Government has taken important initial steps in bearing down on total demand by limiting purchasing power. More, however, needs to be done in each of the fields of credit controls, taxes, and savings.

Credit Controls.—When the Government limits the ability of businessmen and consumers to bid for goods with borrowed funds, it is limiting total demand.

A number of actions have been taken to limit credit for consumers, particularly on durable consumer goods and housing, in order to limit demand in areas where defense production was certain to restrict output. Continued easy credit for the purchase of reduced supplies of durable goods and new houses would have exerted even heavier pressure on prices and the supply of materials.

The first step to restrict housing credit was taken July 19 when, at the instruction of the President, mortgage terms on Government-guaranteed loans were stiffened. These terms for guaranteed or insured residential mortgages applied to old as well as new houses.

In September the Board of Governors of the Federal Reserve System issued Regulation "W," which increased the down payment required for automobiles, washing machines, refrigerators, and other consumer durables, and also shortened the time period in which the balance had to be paid. The terms of Regulation "W" were substantially tightened in October.

Easy credit for new homes was further restricted by Regulation "X" announced in October. In place of liberal mortgage-loan policies, Regulation "X" set up a series of down payments for purchasers of new houses that rise sharply with the price of the house. The Housing and Home Finance Agency and the Veterans' Administration concurrently brought the terms of new government-aided residential mortgage credit in line with those of Regulation "X." Credit terms on commercial construction were similarly tightened early in 1951.

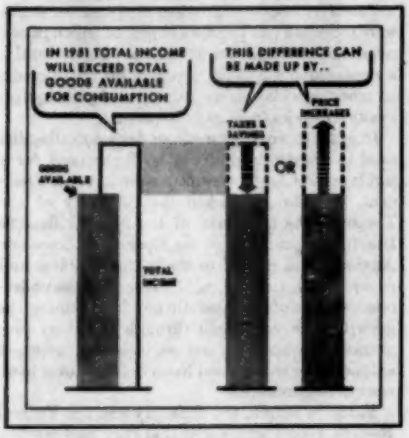
In addition to these selective controls designed to limit consumer and real estate credit, a series of steps have been taken to restrict business credit. In August the Federal Reserve Board raised rediscount rates from 1½ to 1¾ percent, and effective in January, reserve requirements of member banks were increased two percentage points, which raised required reserves about $2 billion. Concurrently, a similar step was taken to reduce the use of credit in stock speculation by raising margin requirements on stocks from 50 to 75 percent.

In order to work out methods for reconciling the need to restrict bank credit with the need for a stable market for Government securities, the President, in February, asked the Secretary of the Treasury, the Chairman of the Federal Reserve Board, the Chairman of the Council of Economic Advisers, and myself to study this problem and recommend action to him. This group has undertaken studies of the possibilities of restraining the growth of private credit through voluntary programs, and mandatory actions, including increased authority for the Federal Reserve Board over bank reserve requirements.

Early in March, the Treasury and the Federal Reserve Board announced that they had reached an agreement resulting, among other things, in the issuance of a new type of bond—a 2.75 percent long-term nonmarketable bond—offered to present holders of two 2.5 percent marketable issues. More recently, the Federal Reserve Board, jointly with private financial groups, announced a program to apply standards to private lending intended to limit loans to those required for financing defense activities or for meeting the essential needs of agriculture, commerce, and industry in this time of emergency.

Paralleling these restrictions on private credit, the major direct lending activities of Federal agencies have been curtailed and reoriented. For example, at the President's direction, the Reconstruction Finance Corporation is giving priority to loans contributing directly to the national defense, with particular emphasis on small business, and has sharply reduced other new loans. Loans under the rural electrification and rural telephone programs also have been cut back substantially.

Taxes.—Taxation is a powerful anti-inflationary weapon. It not only reduces purchasing power but also enables us to pay for defense production in a fair and equitable manner. Instead of allowing prices to rise and forcing the burden of our defense program to fall upon those least able to bear it, taxes can distribute this burden fairly and equitably—but this is possible only if we tax ourselves heavily enough.


IN 1951 TOTAL INCOME WILL EXCEED TOTAL GOODS AVAILABLE FOR CONSUMPTION
THIS DIFFERENCE CAN BE MADE UP BY...
PRICE INCREASES
TAXES & SAVINGS
OR
GOODS AVAILABLE
TOTAL INCOME

We therefore need a tax policy which not only keeps the Government from adding to the inflationary pressures by pumping into the economy more money than it extracts, but which also takes as large a bite of the excess purchasing power as possible.

As the defense program got underway, Congress took the first steps toward putting the defense program on a pay-as-we-go basis. In September, the Congress raised personal income taxes, increased the corporate income tax rate from 38 percent to 45 percent and extended the 10-percent manufacturers' excise tax to television sets and household deep freeze units.

At the end of 1950, corporation income tax rates were again boosted, this time to 47 percent, and an additional 30-percent tax was established on excess profits.

However, the revenue anticipated from these tax boosts will not be sufficient to achieve a balanced budget in the fiscal year starting July 1. With present tax rates and planned defense expenditures a sizable deficit could not be avoided in fiscal year 1952. Therefore, in February, recognizing that at least $10 billion additional revenue would be needed and that the sooner a larger tax bill was enacted the more effective it would be in helping to stop inflation, the President recommended to the Congress the speedy enactment of new tax legislation.

Savings.—Funds that are saved, instead of being used to bid for current supplies, are an effective brake to inflation.

The Treasury, under the authority of legislation enacted March 26, has already taken steps to encourage owners of "E" Bonds to hold on to their bonds—large numbers of which will start coming due in 1951. Under the new plan, Savings Bond holders may retain their bonds, after they come due, and receive an annual rate of interest about equal to the average interest rate over the first ten years. In addition, steps have been taken to increase the volume of "E" Bonds purchased under payroll deduction plans.

Inflationary Pressures Continued

The impact of tighter credit controls and higher taxes was significant, but inflationary pressures persisted. Consumers' disposable income continued to rise while business investment plans were successively revised upward. The actions which were taken regarding credit, taxes, and savings were not sufficient to harness the inflationary pressures and it was evident that direct controls were needed.

Price and Wage Controls Were Instituted

During the first quarter of 1951, the Government took a series of direct actions to halt the rise of prices and wages.

Price Action.—On January 26, the General Ceiling Price Regulation was issued, freezing all prices (except prices received by farmers) at the highest point they had reached during the previous five-week period.

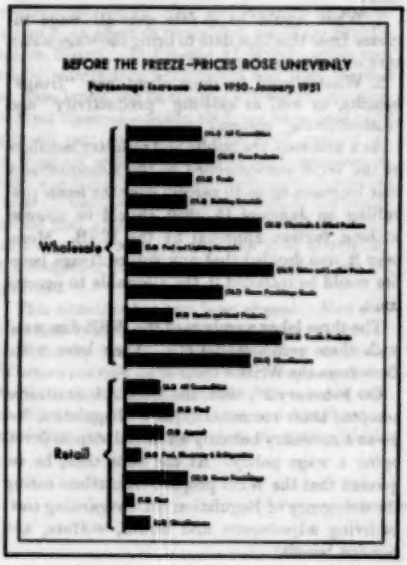
Since that time, the index of basic commodity prices, which had risen uninterruptedly from July, held stable starting the first week in February and declined somewhat thereafter. Wholesale prices, which had risen 17 percent with no appreciable interruption from last June, re-

mained relatively stable during the month of February and the first half of March.

The January freeze was, of course, only the first step in applying price controls. The freeze caught many prices in badly distorted relationships. This applied in two ways, first, generally speaking, wholesale prices had risen more than retail prices since June 1950, and second, at the wholesale level some manufacturers had shown a commendable willingness to hold prices by absorbing cost increases; others had based their selling prices on current or replacement cost; while others took advantage of the situation and charged all that the traffic would bear.

Consequently, after the freeze, a retailer might well have to buy new supplies at wholesale prices above his retail ceiling, or at prices that would not permit him to cover his costs. Situations like this had to be corrected—either by rolling back wholesale prices or by allowing retailers to take account of higher wholesale prices.

The Office of Price Stabilization has been taking both types of action, in the process of changing



over from the temporary general freeze order to specific orders "tailored" to the needs of particular products or industries. Since the time of the freeze order in January, about 12 major regulations and 23 supplementary orders and amendments have been issued. Some of the more important actions include the following:

1. A variety of price rollbacks—on hides and skins, on iron and steel scrap, on soybeans sold in primary markets, on vegetable oils and their finished products (vegetable shortenings, salad oils and dressings, etc.), and on tallow and the soap which is made from it,

2. A dollars-and-cents ceiling set for raw cotton for all sellers, including producers—the ceiling represents about 125 percent of parity for cotton,

3. A general retail price order, modeled closely after one of the most successful latter-day OPA orders, limiting retailers' mark-ups and specifying permissible margins over the cost of goods sold.

The essential character of the price control system being worked out for manufactured goods involves a return to the structure—but not the level—of prices as they were prior to the Korean outbreak. The level of prices will take account of direct cost increases since that date. This standard implies a reduction of many prices from the freeze level, where prices had been raised by more than the direct cost increase in the last half of 1950, but it also implies an increase in other prices where direct cost increases had not been fully reflected.

In transforming the price freeze into a sustainable system of controls, some prices have moved up, some down. But there is no doubt that, if price controls had not been put on, prices would have risen much faster and farther since January then they actually have. The price control system is still being worked out, and there are still many imperfections in it, but it has already been of great benefit to housewives and other buyers.

One of the major problems remaining concerns price controls on farm products. The Defense Production Act prohibits setting price ceilings on agricultural commodities below either the parity price or the highest price attained in the May 24–June 24, 1950, period, whichever is higher. Prices of several of the major farm products, including meats, cotton, and wool, are above parity and are consequently subject to price ceilings. It is difficult to work out effective price control systems

for farm products, but work is going forward rapidly. In the meat industry, for example, a program of tailored controls was well along toward completion by the end of March. These controls involve not only dollars-and-cents prices at all levels of the meat industry, but also provide distribution controls which are designed to keep distribution within the normal channels of the flow of meat from the farm to the consumer.

Prices of some of the major farm commodities, however, are still below parity; furthermore, parity itself is not a fixed dollars-and-cents figure, but rises with increases in nonfarm prices and farm costs. Careful attention is being given, in connection with the development of recommendations for changes in the Defense Production Act, to the possible need of changing the agricultural price provisions in such a way as to accomplish a greater degree of stability in food prices and at the same time treat farmers equitably in relation to the other elements in the economy.

Wage Stabilization.—Simultaneously with the issuance of the General Ceiling Price Regulation, the Administrator of the Economic Stabilization Agency issued General Wage Stabilization Regulation No. 1 which froze all compensation at the January 25, 1951, rates and required prior approval by the Wage Stabilization Board for any subsequent increases.

In this freeze, just as in the price freeze, all the inequities existing at the time were caught when quick action was taken. Some workers had just received wage increases while others were in the process of negotiation. Some contracts had clauses which would provide for cost of living adjustments as the Consumer Price Index rose, or for other increases which were to take effect as of a future date. The greatest difficulty with freezing wages was that the wages of only a portion of the workers had kept pace with the increase in living costs.

The Wage Stabilization Board proceeded immediately to the task of recommending such adjustments as would provide an equitable wage stabilization program.

The public and labor members, with industry dissenting, first relaxed the rigidity of the freeze date by establishing a fifteen day grace period within which previously agreed upon wage and salary adjustments could still take effect. Then the Wage Stabilization Board issued general regulations permitting adjustments to bring about compliance with minimum wage laws and exempting State and local governments from detailed control by the Wage Stabilization Board provided they continued to follow national stabilization policies. Finally, in a most important action, the Board issued a regulation permitting the normal day-to-day operation of necessary changes in the existing internal wage and salary structure of a plant, including such actions as promotions, transfers, length of service increases, merit increases, and the establishment of rates for new jobs.

The next problem faced by WSB was to develop policies which would take care of the inevitable inequities arising from a freeze as of any given date. During the year 1950 and up through January 25, 1951, there had been a series of wage rate increases, mostly during the latter half of 1950, in which only a portion of the labor force participated. The WSB agreed that to ensure as much equity as possible some "catch-up" formula should be devised for those whose wages had not been increased. Differences in the WSB arose on the following major points:

1. What would be the proper catch-up base date?

2. What would be a fair over-all wage increase from this base date to bring the wage structure into proper alignment?

3. What should be done about new "fringe" benefits, as well as existing "productivity" and "cost-of-living" clauses?

As a first step, the public and industry members of the WSB recommended to the Administrator that increases up to 10 percent over the levels prevailing on January 15, 1950, should be allowed without further approval by the WSB. Moreover it was decided that any future fringe benefits would be included in the allowable 10 percent limit.

The three labor members of the WSB disagreed with these recommendations. They later withdrew from the WSB.

On February 27, 1951, the ESA Administrator accepted these recommendations—Regulation No. 6—as a necessary but only an initial step in developing a wage policy. At the same time, he requested that the WSB prepare regulations easing the stringency of Regulation No. 6 regarding cost-of-living adjustments and health, welfare, and pension benefits.

In signing Regulation No. 6, the Economic Stabilization Administrator also requested the WSB to turn its attention to problems which were not covered by the regulation. These included wage questions involving hardships and inequity cases, wage schedules for new plants, so-called "tandem" wage adjustments, and wage stabilization procedures for industries exempt from price control.

The WSB, not being able to act without the presence of the labor members, could not develop regulations on the Administrator's recommended revisions to Regulation No. 6. It was, however, necessary to develop workable and equitable wage controls to handle the most urgent problems which had arisen. Therefore, the Administrator found it necessary to issue a series of orders. These orders provided for the establishment of wage schedules for plants not in operation on January 25, permitted temporary continuance of escalator clauses which were in effect in contracts before January 25, and established administrative procedures governing the approvability of a limited number of tandem wage increases.

Following labor's withdrawal from the Board, the Administrator met frequently—in fact almost continuously—with labor and industry representatives in an effort to reestablish the Wage Stabilization Board. At the end of March, while mutually satisfactory agreements had been reached on some issues, the Board was still not functioning.

Rent Control.—Since 1947, we have gradually relaxed rent control with the basic goal of removing all controls and achieving a complete return to a free rental market at the earliest possible date. These moves have been based on the recognition that after World War II residential construction was booming and was thus alleviating the congestion, and therefore the need for control on rents.

This situation has now been altered. New construction is being limited not only by credit controls but by the allocation of building materials. Workers are moving to areas where they are needed for defense production but where there is not sufficient housing. Military, Naval, and Air Force installations are building up their strength with the result that some cities and towns with inadequate housing are experiencing and will experience a tremendous influx of both military and civilian personnel. Under such conditions exorbitant rents may be charged and these are bound to have harmful effects. The morale of armed forces personnel is lowered by having to pay exorbitant rents and defense plants are unable to hire and retain sufficient workers to keep plants going at capacity.

The present rent control law is not fitted to our current defense and stabilization needs. In March, the present law, which was to expire on March 31, was extended to June 30. A new rent control law to meet our new needs will be required as part of the stabilization program.

Each Must Do His Part

All the parts of the stabilization program—taxes, credit, savings, prices, wages, and rents—are interdependent. Failure to take strong enough action on any of these will hurt the whole effort. Some Americans are, unfortunately, still more concerned with loosening one or another part of the program than with tightening all of it. The sole purpose of these measures is to control inflation, which will otherwise damage our economy and hamper our defense mobilization. Until that purpose is achieved, until we know our economy has been expanded to meet the increased demands of preparedness as well as civilian requirements, we cannot take off controls in any area.

A time will come, if we act prudently and swiftly now, when some or all of these controls will no longer be needed. At that point, we will have more materials and plant capacity available for the production of goods and services for civilian consumption; we will have given our armed forces the production machine they must have; we can begin to release resources controlled for defense purposes to the greater satisfaction of our personal civilian needs.

If we act wisely now, that time will come perhaps in early 1953. If we fail to act wisely now, we may be faced with a controlled economy for a much longer time.

COOPERATING IN THE DEFENSE MOBILIZATION OF THE FREE WORLD

The invasion of Korea revealed the urgency of a rapid strengthening of the whole free world in the face of communist aggression. It emphasized for each nation the need of collective action. Just as the free nations acted together in meeting the communist assault in Korea, so must they act together in building up their collective defenses. And they must act together in meeting the common economic problems which are being created by the defense drive.

In this collective action each nation has a part to play according to its resources. The United States, possessing greater industrial strength than the rest of the free world combined, must bear the heaviest part of the responsibility in the joint defense drive. But our effort will be added to the strong efforts of other countries—it will not be a substitute for their own efforts. In both military and economic assistance, this principle is being followed; it means that our strength is multiplied in contributing to the strength of the free world, on which our own security depends.

A Million Tons of Military Items Have Been Shipped

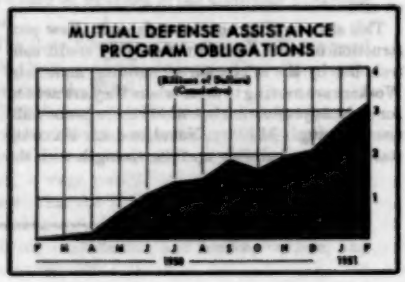
Our principal program of military assistance to other free countries is the Mutual Defense Assistance Program (MDAP). Authorized late in 1949, it was greatly expanded immediately after Korea and has now been granted a total of more than $6.5 billion by the Congress.

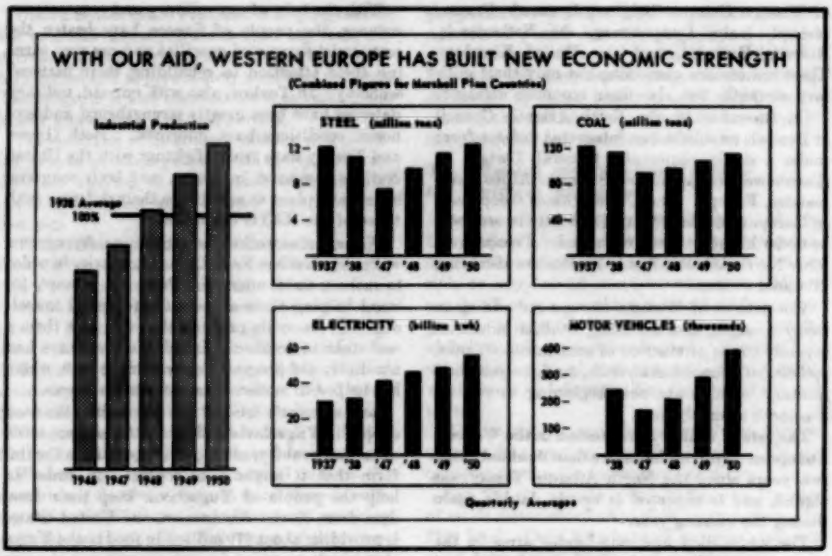
Despite the heavy demands of our own armed services, we have supplied, under the MDAP, more than one million measurement tons of military equipment to friendly nations since shipments began in March 1950. This figure is exclusive of aircraft and naval vessels delivered under their own power.

The bulk of this equipment has gone to the countries of Western Europe, although substantial amounts have also been shipped to Near Eastern and Far Eastern countries.

Already transferred or now moving forward are 3,500 tanks and combat vehicles; 11,000 general purpose vehicles; 750 aircraft; 100 vessels and small craft and 3,000 major pieces of artillery. In addition, small arms, mortars, recoilless rifles; communications and electronic equipment, spare parts, and millions of rounds of ammunition have been shipped.

Some 30 to 40 vessels are in continuous use—loading or on the high seas—carrying MDAP equipment to more than 20 countries around the globe. In each of these countries, our equipment, added to the military forces and equipment which that country can provide by its own strong efforts, is making a significant contribution to the defense of freedom.





Economic Strength a Base for Military Strength

Without the economic aid which has been given by the United States to a number of free nations, their present expanded defense programs could not have been undertaken. The largest program of economic aid—our Marshall Plan assistance to European recovery—has been a spectacular success. Three years ago the countries of Western Europe were threatened with economic collapse because they did not have the dollars with which to buy the raw materials and food to support adequate living standards or to achieve and maintain high levels of employment, production, and trade. Had their economies been allowed to collapse, a number of these countries would have been prey for communist subversion.

Today, everything is changed. With the help of American economic aid, and by means of energetic self-help and mutual aid through the Organization for European Economic Cooperation, the people of Western Europe have made great progress in revitalizing their war-shattered economies. By the end of 1950, industrial production in Western Europe was 40 percent greater than prewar, and agricultural output in the current crop year is expected to be about 10 percent above prewar.

Steel output in Western Europe, at the rate of 54 million metric tons annually at the end of 1950, was two-thirds higher than in 1947—and twice the output of the Soviet Union and its satellites. Gains in other industries over 1947 included:

Motor vehicles	150 percent.
Cement	80 percent.
Textile yarns	50 percent.
Electricity	85 percent.
Coal mining	20 percent.

Elsewhere in the world, too, American economic aid is making it possible for people to gain economic strength—strength which is standing them in good stead now that the free world must build up its defenses.

The North Atlantic Program Is Well Under Way

A pattern of thoroughgoing collaboration has been worked out among the North Atlantic Treaty nations: the United States, Canada and 10 nations

of Western Europe—Belgium, Denmark, France, Iceland, Italy, Luxembourg, the Netherlands, Norway, Portugal, and the United Kingdom. These nations are combining not only their military strength, but also their economic strength.

On December 19, the North Atlantic Council at Brussels established an integrated defense force under a single command. General Dwight D. Eisenhower was appointed Supreme Allied Commander, Europe. The United States troops now in Europe and others that will shortly be sent will be under his operational command. Troops from other North Atlantic Treaty nations are also being allocated to him.

The nations of Western Europe are adding to troop strength, and diverting civilian industrial capacity to the production of armaments. Tanks, rockets, jet-propulsion aircraft, machine guns, and military vehicles are now beginning to roll off European assembly lines.

The rate of military production in the Western European countries has more than doubled in the two years since the North Atlantic Treaty was signed, and is expected to nearly double again during the coming year.

The 2.1 million men now under arms in the European NATO countries represent a substantial increase over 1948. In addition, these nations have approximately 2 million trained and organized reserves. All the European NATO countries (except Iceland) have compulsory military service. The United Kingdom, France, Italy, Belgium, and Denmark recently increased the term of compulsory service and three other countries are currently considering such action.

The current military expenditure of the European NATO countries as a whole is being increased by about one-half, and the Canadian expenditures are being tripled.

Aid to Other European and Near Eastern Countries

In **Western Germany,** our programs have laid the foundation for economic recovery and the fuller integration of that country into the western family of nations. In **Austria,** American aid has aided in the achievement of a large degree of economic recovery, and anti-communist strength has been consolidated in the face of continuing Soviet occupation of a large part of the country and major Soviet raids on the Austrian economy.

With the help of our military and economic assistance, the people of **Greece** have beaten the communist-supported guerillas and are now turning their attention to rebuilding their battered economy. In **Turkey,** also with our aid, military defenses have been greatly strengthened and economic conditions have improved. Both Greece and Turkey have troops fighting with the United Nations command in **Korea,** and both countries have made plans to coordinate their defenses with those of the NATO countries.

We have also worked out economic aid programs with certain other Near Eastern countries in order to make a start, under the Point IV concept, toward helping them achieve the technical knowledge and economic progress that will give them a real stake in freedom. In addition, we have had a military aid program for **Iran** since 1949, which has helped to modernize and train her forces.

Last summer's drought cut deeply into the food supply in **Yugoslavia** and brought a serious crisis upon that country, raising the hopes of the Cominform that it might take control. In order to help the people of Yugoslavia keep their freedom from Soviet domination, the United States is providing about $70 million in food to the Yugoslav people.

The Eighty-first Congress provided for a line of credit for **Spain,** totaling $62.5 million, for specific uses which would contribute substantially to the Spanish economy. Thus far, $17.2 million has been authorized—$5 million for the purchase of cotton, $5 million for wheat, $3.5 million for fertilizer, $3 million for tractors and spare parts, and $0.7 million for completion of a fertilizer plant.

Defense of the Far East

Following the unprovoked attack on the Republic of **Korea** by organized Communist forces, 54 nations of the free world backed the United Nations action. Not all of these nations have been able to join in the defense of the invaded country, but 26 have offered military assistance, and troops from 13 nations are fighting now in Korea under the flag of the United Nations.

Since the war, the United States has provided about $2 billion in aid to **Japan** and the Ryukyus Islands. The economic aid was sharply reduced in 1950 as Japan approached a state of self-support.

United States aid to Formosa is helping correct the economic maladjustments resulting from the arrival from the Chinese mainland of large military forces and approximately a million refugees. The program is also directed towards making the island economically self-supporting.

The countries of Southeast Asia are now a testing ground in which peoples with newly won freedom are striving to solve grave economic and political problems and to work out their own destinies.

The military situation in Southeast Asia ranges from full-scale combat operations in Indochina to minor police actions in Thailand. Of all the countries in the area, Indochina faces the most serious threat. In addition to combating a powerful Chinese communist-supported Viet Minh army, the Indochinese face the constant possibility of overt action by the Chinese communists. The United States is giving military aid to combat communist aggression in Indochina as well as in the Philippines, Burma, Thailand, and Indonesia.

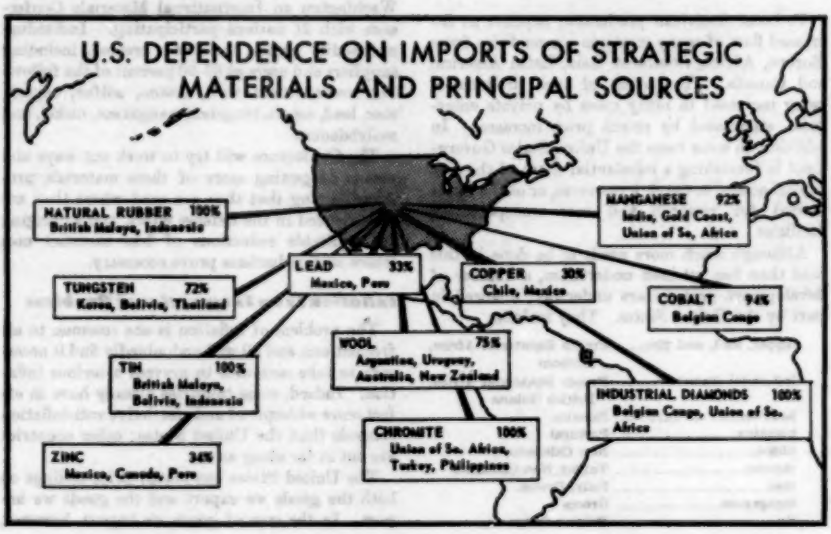
We are also providing financial aid to the countries of Southeast Asia to assist them in solving their critical economic problems and restoring political stability. The dollar cost of these programs is not large compared to the economic aid programs for Europe. To assist the greatest number of people directly, projects are stressed which have their impact at the grass-roots level. This aid will complement programs of self-help developed by these countries and the Colombo plan of the British Commonwealth for development in South and Southeast Asia.

We Depend on Foreign Nations for Critical Materials

Despite the relative self-sufficiency of the United States, we must continue to rely upon foreign nations for huge quantities of basic materials to supplement our own resources. **All or nearly all of our uranium, natural rubber, manganese, industrial diamonds, chrome, cobalt, nickel, and tin come from abroad.** In addition a substantial part of our tungsten, zinc, copper, wool, lead, and bauxite for aluminum are imported.

As production expands, our need for foreign supplies is mounting correspondingly. We are now getting steadily increasing quantities.

For the six months after Korea our imports of crude materials climbed to 26 percent above the 1949 level. Only 3 percent of our total imports came from Soviet Russia and its satellites.



A few examples of the increase in strategic imports from free nations follow:

Tungsten.—Imports from free countries in the last half of 1950 were almost four times as great as in the first half. Imports from China, formerly the principal source, have been reduced to a trickle. The Republic of Korea, Bolivia, and Thailand are the principal remaining sources.

Industrial Diamonds.—1950 imports of 11 million carats were double the previous year's imports. The principal sources were South Africa and the Belgian Congo.

Wool.—In 1950, over 450 million pounds were purchased from nations outside the Soviet bloc—70 percent more than the year before—principally from Argentina, Australia, Uruguay, and New Zealand.

Manganese.—Partly filling the vacuum created by the almost complete disappearance from our imports of Russian manganese, substantially greater quantities of this vital ore have become available from India and Africa. During 1950, imports of this commodity from all free nations were 50 percent higher than in the previous year.

Foreign Supply Sources Are Being Developed

To boost American production requires an increased flow of many strategic commodities from Europe, Africa, Southeast Asia, Latin America, and Canada. The output of such products is being increased in many cases by private enterprise, stimulated by recent price increases. In addition, in some cases the United States Government is furnishing a substantial share of the risk capital needed to develop resources, or of the funds needed for research and new transportation facilities.

Although much more needs to be done in this field than has yet been undertaken, a number of development projects are underway, financed in part by the United States. They include:

copper, lead, and zinc	French Equatorial Africa, Morocco
industrial diamonds	French Equatorial Africa, British Guiana
bauxite	Jamaica
tungsten	Portugal
nickel	New Caledonia
chrome	Turkey, New Caledonia
zinc	Italy, Greece
manganese	Greece
tin	Belgian Congo

Export Needs Are Considered in Allocating U. S. Production

The same problem of obtaining sufficient new materials for defense and essential civilian needs confronts other free nations as well as ourselves.

The United States exports many of the raw materials needed by other countries. We also supply them with essential manufactured goods. It is obviously important to us, as well as to them, that the defense and essential civilian requirements of other countries for United States materials and products should be met. Consequently, our system for making allocations of materials and facilities, and for establishing export quotas, must take account of these essential foreign requirements, in the same way that our essential domestic requirements are considered.

International Action Organized on Materials Distribution

In the case of most materials, there are a number of producing countries and many importing countries. Only cooperative international action can assure that available supplies are distributed fairly and are used most productively.

For this reason, there has been established in Washington an International Materials Conference with 21 nations participating. Individual commodity groups have been created, including suppliers and users of 80–90 percent of the following commodities: wool, cotton, sulfur, copper, zinc, lead, cobalt, tungsten, manganese, nickel, and molybdenum.

The Conference will try to work out ways and means of getting more of these materials produced, seeing that they are used where they are most needed in the defense effort, and arranging for equitable reductions of less essential uses where such reductions prove necessary.

Inflation Is an International Problem

The problem of inflation is one common to all free nations, and all will undoubtedly find it necessary to take measures to prevent a serious inflation. Indeed, some countries already have in effect more widespread and restrictive anti-inflation controls than the United States; other countries are not as far along as we.

The United States has placed price ceilings on both the goods we export and the goods we import. In the case of goods we import, however,

the prices of many commodities are set in world markets and may well rise to levels above the United States ceiling prices. If we are to obtain essential imports in cases such as this, we have the choice of relaxing our price ceilings, subsidizing purchases abroad as was done during World War II and reselling them at the United States ceiling prices, or working out other arrangements with foreign sources of supply.

By designating Government agencies to act as exclusive importers of commodities, such as rubber and tin, and by working in international commodity committees to allocate scarce materials among free countries, we are helping to end the current scramble for these materials which has forced their prices unnecessarily high. The free countries of the world, however, will undoubtedly have to take still other cooperative measures to control the prices of goods moving in international trade.

We propose to extend economic aid to foreign countries only as part of a true cooperative effort. However, we have full confidence that this cooperative effort is gaining in momentum, and that the resources of the free world will be equitably distributed to assure the strengthening of the free world.

A LOOK AHEAD

The first nine months of the defense mobilization program have been—for the effort as a whole—a tooling-up stage.

The Congress has enacted the basic laws and the first big new appropriations. We have organized the necessary new agencies, planned the program, completed the specifications for much of the new equipment, begun ordering in quantity, and created the basic machinery for international collaboration.

In terms of military strength, we have achieved much since last June 25, but we are still far from achieving the strength we need. **One year from now, with unflagging determination and effort, we and our allies will have achieved a formidable strength in many phases of modern warfare.** Two years from now we should have military and economic strength sufficient to give us reasonable safety against aggression.

In terms of civilian standards of living, the impact of the defense program has hardly yet been felt. The coming year will be different. Shortages are bound to come for some civilian goods—particularly products made from metal.

The following year, if our program is successful in preventing war, shortages may begin to ease and we can probably begin to talk about taking off controls. In 1953, we should be in a position to maintain a high level of military expenditures on top of a healthy civilian economy—which, at that time, will be free to resume its upward trend.

But the production side of our task is in many ways the less difficult. A tougher test of our ability to survive the present crisis lies in the other side of the problem—stabilization.

The success of our production effort demands that we win the battle against inflation. To win that battle calls for a subordination of selfish ends to the common welfare in a measure beyond what is commonly demanded in any period short of actual war. It calls for a fair presentation of its claims by every segment of society, an open and willing participation by all concerned, and a readiness to abide by decisions which are arrived at through fair and honest means. It calls for every organized group to consider the welfare and just demands not only of other organized groups but of the unorganized, the consumer, the public as a whole.

The nation demands, and must be given, the same degree of support by its citizens now, in a period of peace, that it would receive in a war. The times are no less challenging.

All of us must remember in the months ahead that it is vastly better to prevent a war, if we can, than to win one—and the surest course toward prevention of World War III is through building the might of America and with it the might and the security of the free world.

Georgia Manufacturing Facilities Available for National Defense Production

[Compiled by Georgia Department of Commerce, Atlanta, March 1950]

MACHINERY

Firm and address, contact official	Emergency production preference	Present production	World War II production	Employment	Floor space	Transportation
West Point Foundry & Machine Co., West Point, Ga., O. P. Roberts.	Projectiles, medium-size cast-iron parts.	Textile machinery, gray-iron castings.	20-millimeter shell, 75-millimeter proof projectiles, cast-iron ship ventilators, miscellaneous machine work.	150	50,000	Railroad and truck.
Sims Metal Works, Atlanta Highway, West Point, Ga., Curtis Sims.	Alloy metals fabrication, tanks, gas, oil, etc., shells and castings, textile-machinery parts.	Textile machinery parts, conveying and ventilation systems, alloy metals fabrication.	None	51	20,000	Do.
Boyett Sprayer Manufacturing, 105 East McPherson St., Nashville, Ga., J. B. Boyett, Sr.		Traction-type sprayers, repair parts for same.	do	43	16,000	Railroad.
Southeastern Elevator Co., 81 Currier St. NE., Atlanta, Ga., W. E. Callaham.	Hydraulic equipment, fabricated steel parts, sheet-metal parts, electrical control equipment.	Elevators, dumbwaiters, hydraulic equipment, steel fabrication, sheet-metal fabrication, electrical controls.	do	43	20,000	Truck.
Savannah Machine & Foundry Co., Lathrop Ave., Savannah, Ga., Neil H. Mingledorff.	Ships, bombs, pulleys, and sheaves, valves, any article of metal or wood requiring castings and machining.	Structural steel fabrication, plumbing fittings, brass and iron, articles of metal and wood, gray iron, brass and aluminum castings.	Ships	312	200,000	Railroad, truck, and ship.
Pekor Iron Works, Inc., East 9th St., Columbus, Ga., R. B. Pekor.		Centrifugal sand and gravel pumps, throttle valves, ornamental iron, aluminum Nihard castings, gray iron, brass.	Anchor chain assemblies	113	30,000	Railroad and truck.
Griffin Foundry & Manufacturing Co., Decatur St., Rome, Ga., G. G. Griffin.	Any gray iron castings	Municipal castings, builders hardware, highway castings, farm implements.	Cast iron manhole frames and covers, catch basins, bell mouths, drainage castings.	36	30,000	Do.
Southern Co-op Foundry Co., 1903 North Broad St., Rome, Ga., Jennings B. Gordon.	Ranges, heaters, special iron castings.	Stoves, ranges, heaters	Ranges, heaters, special castings.	82	136,000	Do.
Meadows Manufacturing Co., Post Office Box 4354, Atlanta, Ga., E. D. Meadows.		Textile-mill machinery and supplies.	Parts for atomic energy, chemical warfare.	65	23,000	Truck.
King Plow Co., 867 West Marietta St. NW., Atlanta, Ga., John Zachem.		Agricultural implements	None	152	140,000	Railroad and truck.
American Art Metals Co., 433 Bishop St. NW., Atlanta, Ga.	Aircraft components	Aluminum entrances	Aviation ground equipment, naval gun components, naval gun accessories, bomb fins.	81	25,000	Truck.
McDonough Foundry & Machine Co., McDonough, Ga., J. L. Sinback.	Gray iron	Gray iron castings, textile machine parts, patterns.	None	72	14,000	Railroad and truck.

GEORGIA MANUFACTURING FACILITIES AVAILABLE FOR NATIONAL DEFENSE PRODUCTION—Continued

MACHINERY—Continued

Firm and address, contact official	Emergency production preference	Present production	World War II production	Employment	Floor space	Transportation
Southeastern Foundries, Inc., 521 Marietta St. NW., Atlanta, Ga., Paul T. Eaton.	.....	All types of castings, screw machine products, all types of machine work, special machines, building castings.	Parts for speed boats, ordinance material.	69	30,000	Railroad and truck.
Finley Machinery Co., 807 River St., Valdosta, Ga., W. A. Finley.	Army trailers, stoves, hand grenades, navy ship parts, fabricated gun mounts, hoisting engines, rifle grenades.	Horse-drawn sprayers, tractor sprayers, general repair, tractor dusters, disk harrows.	Ship port lights, davits, ladders, manhole rings covers, brass and bronze castings.	31	25,000	Do.
Pacolet Manufacturing Co., New Holland, Ga., J. W. O'Neal.	Drills, twills.....	Drills, twills.....	Drills, twills.....	1,300	300,000	Railroad.
Southern Industrial Diecasting Co., 4th St. SE., Moultrie, Ga., Charles E. Boaz.	Die cast aluminum or zinc alloy parts.	Die cast aluminum parts.....	None.....	15	6,000	Railroad and truck.
Augusta Iron & Steel Works, 635 11th St., Augusta, Ga., Frank S. Dennis, Jr.	100-pound GP bombs ship subassembly, heavy machine works, structural and plate (steel) fabrication.	Fabricated structural fabricated steel plate, tanks, bins, hoppers, medium and heavy machine works.	100-pound GP bombs, 16-inch projectiles, Liberty ship steady bearings.	30	70,000	Railroad.
The Steel Products Co., Inc., Great Dane Trailers, Lathrop Ave., Savannah, Ga., S. J. Kennard.	Trailers (heavy duty) tanks, rail cars.	Trailers, steel fabrication, tanks (container).	Trailers for United States engineers.	335	435,600	Railroad, truck, and ship.
Ford McCleskey Manufacturing Co., Route No. 3, Marietta, Ga., W. C. Wakefield.	Small stampings, fabricated steel parts and assemblies.	Power lift-dump hay racks, for Ford, Ferguson, Farmall cub, Farmall super A, C, and Allis-Chalmers B, and C. tractors.	None.....	36	4,456	Railroad and truck.
Davidson-Kennedy Co., 1090 Jefferson St. NW., Atlanta, Ga., A. Thornton Kennedy.	Ship fittings, Army tank parts.	Vegetable oil mill and fertilizer machinery.	Ship fittings.....	37	22,800	Do.
Diamond T Trucks, 525 Peters St. SW., Atlanta, Ga., J. P. Hunter.	Manufacturing truck bodies of wood or metal, general truck repairs.	Manufacturing truck bodies, repairing trailers, general truck repairs.	None.....	25	23,000	Do.
Auto Ventshade Co., 101 Marietta St. Bldg., Atlanta, Ga., P. J. Doran.	Any light-gage metal product.	Automobile accessory.....	None.....	73	18,000	Dockage.
Dixie Tallyho, Inc., Broad St., Fairburn, Ga., Alfred T. Pitman.	Tubular steel products, items made of canvas, duck fabric, sheet plastic.	Dixie Tallyho, truck conversion units, truck tops, metal, wood, and canvas.	None.....	90	30,000	Railroad.
Blue Bird Body Co., North Macon St., Fort Valley, Ga., Albert L. Luce, Jr.	Passenger-bus bodies, ambulance bodies, cargo bodies.	School-bus bodies, passenger-bus bodies.	Ambulance bodies, passenger-bus bodies.	.....	200,000	Do.

Super Deluxe Industries, Inc., Rockmart, Ga., C. E. Waits.	Heavy machine shop work, heavy construction work.	Light and heavy machine shop work, construction work, concrete products, truck hauling.	Machine shop and heavy construction work.		20,000	Railroad and truck.
LaGrange Iron Works, Morgan St., LaGrange, Ga., G. P. Jenkins.	Textile maintenance and repair parts for textile mills.	Textile repair parts, other miscellaneous repair and maintenance parts.	Textile repair parts for textile mills operating on defense orders.	31	10,000	Do.
Wilmark Steel Co., 1531 Cusseta Rd., Columbus, Ga., Mark S. Sternberg.	Steel joists, pipe columns, I-beam columns, trusses, fabricate beams.	Structural steel fabricated to specifications, iron pipe.	None	25	10,000	Do.
Superior Aluminum Awning Co., 1184 Pryor St. SW., Atlanta, Ga., S. H. Vicknair, Jr.	Airplane parts	Aluminum awnings	do	40	8,500	Do.
Carter Builders Supply & Lumber Co., Andrew Rd., Columbus, Ga., W. N. Carter.	Window units	Screens, windows, doors, frames.	do		3,200	Do.
The Warren Co., Inc., 905 Memorial Dr. SE., Atlanta, Ga., R. D. Jacobs.	Commercial refrigeration	Commercial refrigerators, paints, mirrors.	Bombs, locker boxes, tent poles, refrigerators.	500	275,000	Do.
Southern Saw Works, Inc., 418 North Main St., East Point, Ga., Wm. R. Smith.	Any products requiring small forgings.	Saws, tools, lawn mowers, garden tractors.	Saws, tools, forgings, heat treating.	53	25,000	Do.
Simmons Plating Works, Inc., 219 Pryor St. SW., Atlanta, Ga., Louis Rosenberg.	Electro plating, hot dip thinning.	All types of electro plating, hot dip thinning.	Zinc plating, industrial chrome, cadmium plating.	79	25,000	
Southern Saw Service, Inc., 1594 Evans Dr. SW., Atlanta, Ga., E. A. Anderson.	Meat saws, chopper plates, chopper knives, band saws.	Meat saw blades, meat saw frames, power meat band saws, meat chopper plates, meat chopper knives.	Meat saw blades, chopper plates, meat chopper knives, shackle pins for trucks and tanks.	73	30,000	Truck.
Potter & Rayfield, Inc., Post Office Box 1042, Atlanta, Ga., A. C. Cross.	Machine tools, sheet metal products, assembly work.	Machinery for baking and beverage industry, motor repair shop, aluminum windows.		75	50,000	Railroad and truck.
Pioneer Heddle & Reed Co., Inc., 1374 Murphy Ave. SW., Atlanta, Ga. Frederick M. Suchke.	Heddles, cotton, frames, reeds, harness.	Heddles, cotton, frames, reeds, harness.	Same	139	19,675	Truck.
Moncrief Furnace Co., 676 Hemphill Ave. NW., Atlanta, Ga., F. C. Law, Jr.	Sheet metal specialists	Warm-air furnace, pipes, fittings.	Sheet metal specialists	75		Do.
Gibson Manufacturing Co., 1919 Piedmont Circle NE., Atlanta, Ga., R. R. Gibson.	Practice bombs, bomb fins, any sheet metal products.	Fluorescent fixtures	Fluorescent fixtures	36	25,000	Do.
Evans Metal Co., Inc., Piedmont Rd., Atlanta, Ga., Charles C. Evans.	Lead bullet wire, sheet lead, lead pipe, ingot lead, lead pipe fittings.	Sheet lead, lead pipe, lead pipe fittings, ingot lead, No. 4 babbitt.	Sheet lead, lead pipe	40	18,500	Railroad truck.
Atlanta Metallic Casket Co., 216 Elliott St. NW., Atlanta, Ga., R. A. Cannon.		Caskets and metal linings, bomb fins and crates, telephone hand sets, eye rings, hand grenades.	Subcontract work Bell Bomber (B-29 aircraft parts).	450	200,000	Do.

Georgia manufacturing facilities available for national defense production—Continued

METAL WORK—Continued

Firm and address, contact official	Emergency production preference	Present production	World War II production	Employment	Floor space	Transportation
Brumby Metals Inc., Box 91, Decatur, Ga., Pat Jones, Jr.	Deep drawing and stamping of any metals, tool and die making, painting and baning.	Metal lawn chairs, electrical outlet boxes, electrical switch boxes, metal stamping contracts, metal cabinets.		50	31,500	Railroad truck.
Lithonia Lighting Products, Johnson St., Lithonia, Ga., J. D. McIntosh.	Fluorescent light fixtures, sheet metal fabricated products, metal stampings, incandescent lights, aluminum castings.	Fluorescent lights, incandescent lights, sheet metal fabricated products, metal stampings, aluminum castings.	None	41	10,000	Truck.
Koolvent Metal Awning Co., 39th and Skidaway Rd., Savannah, Ga., Hampton V. Crawford.	Aluminum products, steel products.	Aluminum, steel, iron		26	4,650	Do.
WOOD PRODUCTS						
Athens Lumber Co., Inc., Cleveland Ave., Athens, Ga., John P. Bondurant.	Wood containers, millwork	Millwork—windows, doors, etc., lumber, picture frames, wood boxes.	Navy target material, 75 caliber ammunition boxes.	52	25,000	Railroad and truck.
Alexander Wood Products, Inc., 780 Barber St., Athens, Ga., J. B. Alexander.	Single-ply veneer	Single-ply veneer	Single-ply veneer	80	35,000	Do.
O'Neill Manufacturing Co., Anderson and Howell Sts., Rome, Ga., J. J. O'Neill.	Any item made of wood	Millwork, lumber products, concrete blocks.	Ammunition cases, boxes, wood culverts.	101	39,000	Do.
Appalachian Oak Flooring & Hardware Corp., Post Office Box 156, Ellijay, Ga., Lee S. Settel.	Pallets, boxes, tent stakes, truck-body parts.	Wooden crates, skids, pallets, oak flooring.	Pallets, boxes	77	9,000	Do.
Fort Mountain Lumber Co., Chatsworth, Ga., W. B. Petty.	Wood boxes, crates, plywood boxes.	Wood boxes, crates, cleated corrugated boxes and crates.	Wood boxes, crates, plywood boxes.	100	25,000	Railroad.
J. P. Womack & Sons, Inc., 1265 Lakewood Ave., Atlanta, Ga., C. B. Womack.	Anything in the woodwork line.	Special woodwork for stores, banks, offices, and residences.	Bar racks, shelving, wooden benches, lockers, plywood parts for airplanes.	55	38,000	Do.
Inland Container Corp., 4815 Mead Rd., Macon, Ga., Walter E. Davis.	Fiber board shipping containers.	Fiber board shipping containers.		140	150,000	Railroad and truck.
Woodward Lumber Co., 1010 Roberts St., Augusta, Ga., L. B. Kennedy.	Lumber, moldings	Lumber, millwork, doors, sash building materials.	Finished lumber, millwork, moldings.	51	45,000	Do.
Southern Crate & Veneer Co., 755 Lower Poplar Rd., Macon Ga., William P. Simmons.	Boxes, wood wire-bound	Wooden containers	Boxes, wood wire-bound	255	55,000	Do.

L. N. Bush Co., 599 Virginia Ave. NE., Atlanta, Ga., L. N. Bush.	Crates, boxes	Wooden cabinets	Chemical bomb boxes, crates for prefabricated houses, crates for 75 millimeter shells, crates for 88 millimeter shells.	13	5,000	Do.
Gray Basket Co., Union City, Ga., E. B. Gray.	Ammunition boxes	Tomato crates	Ammunition boxes	20	75,000	Do.
W. T. Harvey Lumber Co., 800 15th St., Columbus, Ga., William J. Campbell.	Miscellaneous wood products.	Millwork, lumber all building materials.	Wood engine skids, small miscellaneous wood items.	81	20,000	Do.
Augusta Lumber Co., 903 8th St., Augusta, Ga., F. L. Lancaster.	Windows, doors, screens, shell crates, boxes, moldings, wood components.	Sash, screens, windows, doors, cabinets, frames, moldings.	Pallets, boxes, shell crates, miscellaneous frames, doors and windows.	204	250,000	Do.
Austell Cabinet Co., Mulberry St., Austell, Ga., C. H. Collar.	Any wood item	Wood cabinets, bedroom suites, porcelain-top tables.	Furniture items, outlet blanks (plywood).	100	75,000	Do.
Del-Mar Cabinet Co., Inc., 2865 Gordon Rd. NW., Atlanta, Ga., D. R. Smith.	Kitchen cabinets	Kitchen cabinets		195	60,000	Railroad.
Bush Manufacturing & Hardware Supply Co., 3900 River Rd., Columbus, Ga., James A. Bush.	Any wood item	Millwork, cabinets		21	14,000	Railroad and truck.
LUMBER						
Hancock Lumber Co., Oglesby Ave., Quitman, Ga., R. R. Garrett.	Lumber	Lumber	Lumber	210		Railroad, truck.
Howard Lumber Co., 31 North Mulberry St., Statesboro, Ga., Arthur Howard.	do	do	do	51	12,000	Railroad.
D. L. Stone Lumber Co., Millen Rd., Waynesboro, Ga., William T. Stone.	Lumber (pine and hardwood).	do	do	70		Do.
F. M. Bryson Planing Mill, Raymond, Ga., H. M. Bryson.	Lumber	do	None	36	5,000	Railroad and truck.
Davis, Jenkins & Sons, Inc., 4th Ave NE., Moultrie, Ga., Mrs. Everett Jenkins.	do	Lumber, rough, and dressed	Lumber, rough, and dressed	52		Do.
Cordele Sash Door & Lumber Co., 9th Ave., Cordele, Ga., W. R. Turner.	Lumber, millwork	Lumber, millwork	Lumber, millwork	107		Truck.
Battles & Metcalf, West Bainbridge, Bainbridge, Ga., G. F. Battles, Sr.	Lumber	Lumber	Lumber	66	10,000	Railroad and trunk.
Ellijay Lumber Co., Blue Ridge, Ga., Charles W. Kiker, Jr.	Pallets, other nailed items	Finished lumber (soft and hardwoods).	Finished lumber	82		Do.
Millen Lumber Co., Waynesboro Rd., Millen, Ga., W. T. Wasden.	Lumber	Lumber	Lumber	92		Do.
Smith Evans Lumber Co., Cedar St., Rome, Ga., Willingham Smith.	Crates, boxes, pallets, any lumber products, shooks.	Lumber, millwork	None	40	13,440	Truck.
Jasper Lumber Co., Jasper, Ga., J. W. Adams.	Pallets, boxes, crates	Lumber	Pallets	30	22,000	Railroad and truck.
Brunswick Sawmills, Inc., Augusta, Ga., Edwin L. Douglas.	Lumber	do	Lumber	51		
Augusta Hardwood Co., Molly Pond Rd., Augusta, Ga., Edwin L. Douglas.	do	do	do	103		Do.

Georgia manufacturing facilities available for national defense production—Continued

LUMBER—Continued

Firm and address, contact official	Emergency production preference	Present production	World War II production	Employment	Floor space	Transportation
Troup County Lumber Co., Post Office Box 791, Hogansville Rd., LaGrange, Ga., Tom Hutchinson.	Shipping pallets, box shooks, tent pegs.	Dressed lumber	None	40	5,000	Railroad.
Pope Lumber Co., Washington, Ga., M. Pembroke Pope.	Lumber	Lumber	Lumber	35		Do.
FURNITURE						
G. W. Summerour & Co., Inc., Jackson St., Winder, Ga., J. H. Summerour.	Ammunition boxes, shell boxes.	Chifforobes, chests, wardrobes.	Ammunition, shell boxes	73	60,000	Railroad.
Rex Chair Co., Rex, Ga., Walter Estes	Tent pins	Chairs, rockers, stools	Target parts, handle blanks, tent pins.	60	22,400	Railroad and truck.
Nunn Better Cabinet Co., Four Lane Highway, Marietta, Ga., B. P. Nunn.	Any wood product	Television cabinets, radio cabinets, radio-phono combinations.	None	152	41,105	Do.
Products of Georgia, Inc., 110 East Broad St., Louisville, Ga., Ken Butler.	Folding cots, folding chairs, red cross stretchers, ammunition boxes, pallets.	Folding deck chairs, folding beach chairs, folding cots, educational blocks, juvenile furniture.	do	180	10,000	Do.
Art Furniture Manufacturing Co., Inc., 4094 Broadway, Macon, Ga., M. M. Kaplan.	Woodworking machinery	Living-room tables	do	205	110,000	Do.
Trogdon Furniture Co., Post Office Box 229, Toccoa, Ga., Ray L. Trogdon.	Any wood product	Wooden household furniture.	Ammunition boxes, bunk beds, office furniture.	205	150,000	Do.
Pittman Metal Products Co., Inc., Post Office Box 598, Griffin, Ga., C. E. Pittman.		Chrome furniture	None	53	12,000	Railroad.
VENETIAN BLINDS						
Beauty Crafts, Inc., 34 Simpson St., Atlanta, Ga., P. L. Clower.	Shades, venetian blinds	Window shades, venetian blinds.	Window shades, venetian blinds, black frames.	35	18,000	Truck.

MISCELLANEOUS						
J. E. Hanger, Inc., of Georgia, 134 Baker St. NE., Atlanta, Ga., D. A. McKeever.	Artificial limbs	Artificial limbs	Artificial limbs	30	8,000	
Southern & Georgia Talc Co., Chatsworth, Ga., M. Woodard Glenn.	Metal workers crayons, powdered talc.	Metal workers crayons, powdered talc, roofing granules.	Metal workers crayons, powdered talc.	94	18,600	Railroad and truck.
RUBBER PRODUCTS						
The General Tire & Rubber Co., Aldora Mills Division, Barnesville, Ga., C. M. Neuner.	Tire cord	Tire cord	Tire cord	350		Railroad.
Den-Nap Electric Mold Co., 980 Lower Poplar St., Macon, Ga., C. O. Dennis.	Electric tire-recapping equipment.	Electric tire-recapping equipment.	Repaired tires	31	11,000	Truck.
LEATHER						
Bona Allen, Inc., Main St., Buford, Ga., Golden Knight.	Leather, leather goods	Leather, harness goods, riding equipment.	Leather, garrison belts, tool cases, leather straps, mail satchels, tool cases.	425	305,000	Railroad and truck.
Georgia Shoe Manufacturing Co., Flowery Branch, Ga., G. W. Bailey.	Any kind of shoes	All welt shoes, combat shoes, boots, pair-a-troopers, engineers.	None	200	24,000	Do.
Earl Vance & Co., Gainesville Airport, Gainesville, Ga., Earle Vance.	Work gloves, horse collars, saddles.	Horse collars, work gloves, saddles, riding equipment.	Horse collars-unruh, horse collars-lendolease.	60	30,000	Truck.
PAPER AND ALLIED PRODUCTS						
Brunswick Pulp & Paper Co., Brunswick, Ga., J. W. McSwiney.	Bleached sulfate, sulfate turpentine, crude tall oil.	Bleached sulfate, sulfate turpentine, crude tall oil.	Bleached sulfate, sulfate turpentine, crude tall oil.	500	237,755	
John H. Harland Co., Post Office Box 1725, Atlanta, Ga., John H. Harland.	Printed forms	Bank checks, insurance forms.	Printed forms	125	15,000	Truck.
Montag Bros., Inc., 182 Marietta St. NW., Atlanta, Ga., M. L. Weiss.	Social stationery, paper school supplies.	Social stationery, paper school supplies.	None	404	220,000	Railroad and truck.
Textile Paper Products, Inc., Cedartown, Ga., B. W. Edwards.	Paper tubes, heavy paper cores, laminated paperboards, laundry shirt boxes.	Paper tubes, heavy paper cores, laminated paperboards, laundry shirt boxes.	do	60	36,000	Do.
Berry-McAfee Box Co., Corner 8th and Cherry, Macon, Ga., C. O. McAfee, Jr.	Set-up boxes	Set-up cardboard boxes	Set-up boxes for naval fuse plant, Macon.	24		Do.
Macon Kraft Co., Mead Rd., Post Office Box 1236, Macon, Ga., David D. Study.	Kraft linerboard	Kraft Linerboard		642	149,274	Do.

Georgia manufacturing facilities available for national defense production—Continued

CLAY AND GLASS

Firm and address, contact official	Emergency production preference	Present production	World War II production	Employment	Floor space	Transportation
The Warren Co., Inc., 905 Memorial Dr. SE., Atlanta, Ga., R. D. Jacobs.	Commercial refrigeration	Commercial refrigerators, paints, mirrors.	Bombs, locker boxes, tent poles, refrigerators.	500	275,000	Railroad and truck.
Carling Tile Co., 175 Lower Poplar St., Macon, Ga., Isaac Flatau.	Tile	Wall tile, floor tile, trim tile.	None	116	60,000	Do.
Georgia Sanitary Pottery, Inc., 1800 Murphy Ave., Atlanta, Ga., R. F. Gammans, Jr.	Nonmagnetic land mines, plaster forms for disposable aircraft gas tanks, various ceramic products used in war effort.	Vitreous china plumbing fixtures.	China soup bowls	74	50,000	Do.
M. & M. Clays, Inc., McIntyre, Ga., A. R. Mohr. Bowen.		Air-floated Kaolin	None	20	15,000	Railroad.
CONCRETE						
Alban y Concrete Products Co., 110 Baldwin Dr., Albany, Ga., Ben H. Holland.	Concrete blocks, ready-mixed concrete.	Cement, concrete block, ready-mixed concrete.	Concrete blocks	57	3,000	Railroad and truck.
Wilbert Burial Vault Co., 1209 Mecaslin St. NW., Atlanta, Ga., Frank C. Bowen.	Any type of concrete product.	Concrete and concrete asphalt burial vaults.	None	18	6,000	Do.
CHEMICAL						
Louisville Fertilizer & Gin Co., Post Office Box 192, Louisville, Ga., K. H. Brown.	Cottonseed oil, meal and hulls, linters, mixed fertilizer.	Cottonseed oil, meal and hulls, linters, mixed fertilizer.	None	31		Railroad and truck.
New Riverside Ochre Co., Post Office Box 370, Cartersville, Ga., W. B. Hawkins, Jr.	Ochre, barytes	Ochre, barytes	Ochre, barytes	35		Railroad.
Georgia Fertilizer Co., Fort Floyd St., Valdosta, Ga., R. L. King.		Sulfuric acid, superphosphate, chemical fertilizers.	None	65	150,000	Railroad and truck.
Pelham Phosphate Co., Hand Ave., Pelham, Ga., L. D. Hand.	Sulfuric acid, superphosphate, fertilizers.	Sulfuric acid, superphosphate, fertilizers.	Superphosphate	82	125,000	Do.
Seydel-Woolley & Co., 748 Rice St. NW., Atlanta, Ga., Paul V. Seydel.	Textile chemicals, surface active agents, detergents, chemical specialties, cutting oils.	Textile chemicals and auxiliaries, detergents, surface active agents.	Textile chemicals, a large proportion of which went into Government textiles.	19		Do.

The Selig Co., 342 Marietta St., Atlanta, Ga., Simon S. Selig, Jr.	Aircraft degreasing, disinfectants, insecticides, compounds soaps, waxes, and varnishes.	Disinfectants, insecticides, aircraft degreasing compounds, waxes, varnishes.	Aircraft degreasing, disinfectants, insecticides, compounds soaps, waxes, and varnishes.			
Schoen Bros., Inc., Post Office Box 1387, Atlanta, Ga., G. H. Schoen.	Animal oils and proteins, commercial fertilizer, fertilizer materials.	Animals oils and proteins, commercial, fertilizer, fertilizer materials.	None	50	63,904	Railroad.
Zac-Lac Paint & Lacquer Corp., 350 Simpson St. NW., Atlanta, Ga., M. E. Zachos.	Synthetic enamels OD, white pigments, lacquers and lacquer thinners, lusterless or floss.	Synthetic enamel, lacquer, lacquer thinner, industrial exterior and house paints, air dry and baked finishes.	Lusterless OD, primer-surfacers of all kinds, semi-gloss OD, lacquer thinner and dopes for air crafts.	67	40,000	Truck.
Yates Bleachery Co., Flintstone, Ga., E. W. Yates.	Bleach, dye, and finish cotton piece goods.	Bleach, dye, and finish cotton piece goods.	Bleach, dye, and finish cotton piece goods.		125,000	Railroad and truck.
Augusta Chemical Co., Glass Factory Ave., Augusta, Ga., John C. Boesch.	Organic chemicals, dyes, blend or mix liquids and powders.	Sulfur dyes, naphthol dyes	Sulfur black	26	35,000	Do.
The Blackshear Manufacturing Co., Blackshear, Ga., Warren Lott.		Commercial fertilizer	None	121	60,000	Do.
Bryant's, Inc., Bartow, Ga., F. C. Evans	Camouflage materials	Fertilizer manufacturing, cotton warehouse.	do	22	36,000	Do.
NAVAL STORES						
Synthetic Resins, Inc., Madison Highway, Post Office Box 331, Valdosta, Ga., W. W. Allen.	Inert bomb sealers, shellac substitutes, drying oil extenders.	Resins for coatings, core oils	None	10	30,000	Railroad and truck.
ROOFING MANUFACTURERS						
Dixie Asphalt Products Corp., Post Office Box 1183, Savannah, Ga., F. V. Hickerson.	Asphalt roofing and shingles.	Asphalt roofing and shingles.	Asphalt rool roofing and shingles.	135	95,000	Railroad and truck.
The Mumford Co., Inc., 261 Confederate Ave., Atlanta, Ga., Dillard Munford.	Rock-wool insulation, fabricated metal products.	Rock-wool insulation, aluminum products fabricated.	None	52	10,000	Truck.
PLASTIC PRODUCTS						
Digby Trim and Upholsters, 107 Carroll, Covington, Ga.	Anything in the plastic line	Seat covers, headlines, furniture repair, sport tops, jeep tops.	Textile work		500	
Trio Manufacturing Co., 515 Stewart Ave. SW., Atlanta, Ga., L. C. Hicks, Jr.	Sewing or needle work	Auto seat covers, cushions	Ammunition	18	18,000	Railroad and truck

Georgia manufacturing facilities available for national defense production—Continued

PLASTIC PSODUCTS—Continued

Firm and address, contact official	Emergency production preference	Present production	World War II production	Employment	Floor space	Transportation
Master Manufacturing Co., Inc., 426 Luckie St. NW., Atlanta, Ga., W. A. Sims, Jr.	Sewing	Manufacturers of seat covers.	None	40	10,000	Truck.
Dixie Auto Seat Covers, 300 Memorial Dr. SE., Atlanta, Ga., John R. Johns.	Canvas products	Auto seat covers, convertible tops.	do	3	1,100	Do.
Holden-Lewis Co., Arabi, Ga., Carl Lewis, Winnie Belle Holden Lewis.	Anything made of cloth or plastic film.	Shower curtains, raincoats, bibb aprons, draperies, table covers, window curtains, waist aprons.	do	4	1,800	

SIGNS AND ADVERTISEMENTS

Evans-Glenn Co., 109 Clay St., Marietta, Ga., W. H. Glenn, Jr.	Small metal stampings, metal items with baked enamel finish, wooden boxes or containers.	Baked enamel advertising signs.	None	37	20,000	Truck.

PRINTING, PUBLISHING, ENGRAVING

H. M. Long Printing Co., 316 Edgewood Ave. NE., Atlanta, Ga., Arthur Long.	Printing	General printing, specialty printing.	Printing	15	8,000	Truck.
Tucker Castleberry Printing Co., 226 Luckie St. NW., Atlanta, Ga., Wiley A. Tucker.	Printing and lithograph	Printing and lithograph	None	18	7,000	Do.
J. B. Richard Printing Co., 22 Courtland St. NE., Atlanta, Ga., W. Frank Richard.	do	do	Printing for Bell Aircraft, Government Printing Office, Red Stone ordnance plant, Brecon Loading Co.	20	5,400	Do.
Commercial Printers, Inc., 1039 13th St., Columbus, Ga., Clark G. Mather.	do	do	Printing.	61	17,000	Do.
J. P. Stevens Engraving Co., 45 Pryor Pl. NE., Atlanta, Ga., Paul Dixon.	Engraved stationery, cards for military personnel, certificates.	Engraved stationery, invitations, personal and business cards, letterheads, certificates.	None	53	15,000	Do.
Foote and Davies Corp., 1090 Capitol Ave. SE., Atlanta, Ga., Albert Love.	Graphic arts products	Printing and lithograph	Printing and lithograph, binding.	125	60,000	Do.

Harry Barfield Co., 304 Parkway Dr. NE., Atlanta, Ga., C. C. Barfield.	Government carbon forms, Government printing, paper fabrication products, envelopes and jackets.	Business forms, envelopes, commercial printing.	Business forms, carbon forms, commercial printing, fiber-nonconductors.	35	10,60	Do.
Atlanta Envelope Co., 660 Whitehall St. SW., Atlanta, Ga., T. A. Rutledge.	Envelopes	Envelopes	Envelopes	100	40,000	Railroad and truck.
HOSIERY AND TEXTILES						
Swift Spinning Mills, Inc., Post Office Box 1120, Columbus, Ga., Henry W. Smith.	Cotton yarns, cotton and wool, blended yarns, spun nylon.	Cotton yarn, cotton and wool blended yarns, spun nylon.	Cotton yarn, cotton and wool blended yarn.	778	288,000	Railroad and truck.
Shannon Hosiery Mills, Inc., 1338 Talbotton Rd., Columbus, Ga., N. S. Illges.	Small parts assembly	Women's full-fashioned nylon hosiery.	None	260	32,753	Truck.
Real Silk Hosiery Mills, Inc., 611 Park Ave., Dalton, Ga., J. C. Troyer.	Parachutes, tents	Seamless hosiery, men and women.	Fragmentation bomb chutes, aerial delivery chutes, mountain tents.	225	100,000	Railroad and truck.
The Pilgrim Corp., Post Office Box 338, Hinesville, Ga., Maurice E. Carufel.	Parka jacket cords, hood cords, parachute flare cords, braided bandings.	Venetian blind cord, cotton rugs.	Parka jacket cords, hood cords, parachute flare cords, braided bandings.	38	26,000	None.
Palmetto Cotton Mills, Inc., Palmetto, Ga., Harry Atherton.	Single filling, flat duck	Single filling, flat duck	Single filling, flat duck	320	86,000	Railroad and truck.
The Monroe Cotton Mills, 607 South Madison Ave., Monroe, Ga., Lewis C. Radford.	Tent twills, clothing twills, jeans, warp sateens.	Jeans, warp sateens, twills	Tent twills, clothing twills, jeans, warp sateens.	375	150,000	Do.
Mandeville Mills, Inc., Lovvorn Rd., Carrollton, Ga., R. G. Neal.	Cotton weaving yarn, cotton twine.	Cotton yarn, rayon yarn, novelty yarn, cotton twine.	Cotton yarn, cotton twine	800	162,536	Do.
Holeproof Hosiery Co., 201 Rose Lane, Marietta, Ga., Guy H. Northcutt.	Men's socks	Men's socks	Men's socks	750	147,500	Do.
Walter M. Gotsch Co., Kenner St., Dalton, Ga., Walter M. Gotsch.	Tents, heavy sewing	Chenille products	Cartridge cases, carrying straps, covers for Signal Corps, parachute strap.	95	26,000	Truck.
Julius Friedlaender Co., 445 Andrews Rd., Columbus, Ga., Chas. K. Hecht, Jr.	None	Bagging, ties, cotton waste	None	127	48,000	Railroad and truck.
Dixie Belle Spread Co., Post Office Box 209, Calhoun, Ga., Nathan Snow.	Mattress covers	Chenille spreads, chenille bath sets, mattress covers.	Mosquito bars, khaki shorts	430	102,000	Truck.
Columbus Manufacturing Co., 3201 1st Ave., Columbus, Ga., H. G. Langdon.	Cotton sheetings	Cotton sheetings	Cotton sheetings	1,429	365,000	Railroad and truck.
Cabin Crafts, Inc., 120 East Morris St., Dalton, Ga., R. G. McCamy.	Parachutes, aircraft wing covers, aircraft engine covers.	Cotton bedspreads and rugs, cotton bath mats.	Bomb parachutes, shelter-half tents, aircraft wing covers, insect bars, mattress covers.	500	125,000	Railroad and truck.
The Berryton Mills, Berryton, Ga., A. B. Hammond.	Cotton knitting yarns	Cotton knitting yarns	Cotton knitting yarns	300		Do.
J. T. Bates Candlewicks, Glenwood Ave., Dalton, Ga., J. T. Bates.	O. D. handkerchiefs	Chenille bedspreads	O. D. handkerchiefs	200	25,000	Do.

Georgia manufacturing facilities available for national defense production—Continued

HOSIERY AND TEXTILES—Continued

Firm and address, contact official	Emergency production preference	Present production	World War II production	Employment	Floor space	Transportation
Bags, Inc., 1120 10th Ave., Columbus, Ga., R. C. Pruitt.	Sandbags	Mesh bags, industrial wiping towels.	None	100	8,500	Railroad and truck.
Augusta Bag & Burlap Co., Savannah Rd., Augusta, Ga., J. H. Ilderton.	Bags	Burlap and cotton bags	Burlap and cotton bags	35	35,000	Do.
Art-Rich Manufacturing Co., Bishop St., Dalton, Ga., A. N. Richman.	Insect bars, barrack rugs, mattress covers, coveralls, parachutes.	Ladies robes and housecoats.	Barrack bags, insect bars, mattress covers.	575	100,000	Do.
Fas-Tex Inc., Piedmont Highway, Cedartown, Ga., H. M. Gibbons.	Slide fastener, tape and cord, tie tag twine, shoe laces.	Slide fastener, tape and cord, tie tag twine.	None	87	12,000	Truck.
MATTRESSES						
Thomasville Mattresses Works, 230 Cherokee St., Thomasville, Ga., R. O. West.	Army cot pads, pillows (cotton), mattress, kapok pads.	Mattresses, bedding pads	None	4	1,200	Railroad.
McDaniel Mattress Co., 426 Whitehall St. SW., Atlanta, Ga., H. M. Weir.		Mattress	do	10	11,000	Truck.
Meaders Mattress Co., Inc., 447 Arch St., Macon, Ga., W. H. Meaders.	Mattresses, pillows	Mattresses and pillows	do	6	60 by 100	Do.
Lovell Mattress Factory, 200 North 4th Ave., Rome, Ga., Frank R. Lovell.	Mattresses, box springs	Mattresses, box springs, hollywood beds.	do	7	3,000	Railroad and truck.
Landers Mattress Co., 612 Cherokee St., Marietta, Ga., W. A. Finley.	Mattresses, garments, canteen covers, shelters (pup tent, etc.).	Mattresses, upholstered furniture, refinishing.	do	6	3,800	Do.
Georgia Mattress Awning Co., Post Office Box 1372, Savannah, Ga., Martin S. Lefler.	Mattresses, canvas products for ships, tarpaulins.	Mattresses, canvas products, pillows, cushions, ship canvas.	Mattresses, pillows, cushions, furniture upholstering.	14	10,000	Truck.
Cooper Mattress Manufacturing Co., 1630 2d Ave., Columbus, Ga., Carl Solomon.	Mattresses, cotton pillows, pads.	Mattresses, box springs, pads, pillows.	None	13	10,000	Railroad.
Coburn Co., 1228 Fenwick St., Augusta, Ga., Michael L. Cohen.	Cushions, pillows, towels, handkerchiefs, cot pads.	Innerspring mattresses, cotton mattresses, box springs.	do	9	20,000	Railroad and truck.
APPAREL						
Waynesboro Garment Co., Inc., 13th St., Waynesboro, Ga., A. K. Steinberg.	Shirts, pants	Men's and boys shirts, men's and boys pants, boy's boxer longies.	None	154		Truck.
Twin City Manufacturing Co., Graymont, Ga., D. H. Lippitt, Jr.	Uniform, dress shirts	Dress shirts	do	171	25,000	Do.

The Youthform Co., 257 Trinity Ave. SW., Atlanta, Ga., C. L. Dunn.	Light clothing, powder bags, underwear, shirts, parachutes.	Brassieres, garter belts, bust pads.	do	25	6,000	Do.
The Monarch Co., 383 Whitehall St., Atlanta, Ga., W. E. Lipshutz.	Wool trousers	Pants, shirts, jackets, coats.	Wool trousers	120	30,000	Railroad and truck.
Southern Overall Co., 1432 1st Ave., Columbus, Ga., L. G. Pease.	Coveralls, fatigue pants	Coveralls, dungaree pants, aprons.	Coveralls	19	7,500	Truck.
The R & R Manufacturing Co., 195 5th Ave., Auburn, Ga.	Men's trousers	Men's trousers	None	120	11,880	Railroad and truck.
Pleasure Togs, Inc., 157 Trinity Ave. SW., Atlanta, Ga., Stanford, Makeover.	Blouses, shirts, skirts	Ladies blouses and shirts		64	6,000	Truck.
Perdue Manufacturing Co., Hull St., Athens, Ga., H. A. Perry, Jr.	Shirts, cotton khaki jackets, HBT, Od-7.	Work shirts, baby diapers	Shirts, cotton khaki jackets, HBT, Od-7.	106	30,000	Do.
E. R. Partridge, Inc., 157½ Pryor St. SW., Atlanta, Ga., J. K. Jones.	Coveralls	Work clothes, pants, shirts	Coveralls	70	20,000	Do.
Lyons Textile Mills, Inc., Greensboro, Ga., Frank Felchilin.	Coverall, work clothing	Coveralls, trousers, work clothing.	None	19	7,000	Railroad.
Levy Bros., Inc., 151 Pryor St. SW., Atlanta, Ga., J. Selig Levy.	Uniforms for Wacs or Waves.	Ladies dresses	do	48	6,000	Truck.
LE-Ray Frocks, 2112 Peachtree Rd NW., Atlanta, Ga., Joseph Ginburg.	Women uniforms	Ladies lined suits	do	50	12,000	Do.
Indian River Fabrics, Inc., 301 Husk St., Marietta, Ga., Victor Freitag.	Men's socks (3,000 dozen per week, 1 shift), can increase to 4,500 dozen per shift.	Men's socks	do		7,000	Railroad and truck.
Charles W. Henson Garment Manufacturing Co., Clayton St., Lawrenceville, Ga., Charles W. Henson, Sr.	Shirts and trousers	Work shirts and trousers	do	149	22,000	Do.
Empire Manufacturing Co., Winder, Ga., R. L. Eavanson.	Work clothing, pants, overalls, dungarees, lined coats.	Work clothing, pants, overalls, dungarees, lined coats.	Trousers, cotton kahki	140	20,000	Truck.
Alexis, Inc., 191-199 Marietta St. NW., Atlanta, Ga., W. D. Whitehead.	Underwear and shirts	Infants wear		195	19,000	Do.
Cornelia Garment Co., 107 Chattahoochee, Cornelia, Ga., J. L. Bruce.	Army and Navy shirts	Work and cowboy shirts	None	75	12,600	Railroad and truck.
Clairmont, Inc., 2114 Peachtree Rd. NW., Atlanta, Ga., Irvin R. Karesh.	Slips	Slips, gowns, pajamas	do	74	4,000	Truck.
Champion Sportswear Co., Inc., Villa Rica, Ga., E. J. Williams.	Men's polo or tee shirts	Men's and boy's polo shirts	do	27	3,000	Railroad and truck.
Carwood Manufacturing Co., Winder, Ga., W. C. Harris.	Pants, shirts, overalls, denim coats, dungarees.	Pants, shirts, overalls, denim coats, dungarees.	Cotton and wool pants and shirts.	525		Truck.
Briarcliff Mills, 84 Pryor St. SW., Atlanta, Ga., Marvin W. Blumburg.		Ladies slips and pants	None	57	10,000	Do.
American Throwing Co., Inc., 335 East Soloman Rd., Griffin, Ga., J. E. Westmoreland, Jr.		Infants' and childrens' cotton knit underwear.	Projectiles 40-milimeter, projectiles 37-milimeter bomb fin assembly, bomb heads, machine shop work.	90	23,000	Railroad and truck.

Georgia manufacturing facilities available for national defense production—Continued

FOOD

Firm and address, contact official	Emergency production preference	Present production	World War II production	Employment	Floor space	Transportation
Valdosta Canning Co., Inc., Fry St., Valdosta, Ga., C. F. Parramore.	Cut green beans, Irish potatoes.	Cut green beans, Irish potatoes.	Cut green beans, Irish potatoes.	150	12,000	Railroad and truck.
Tom Huston Peanut Co., 8th St. and 9th Ave., Columbus, Ga., Walter A. Richards.	Salted peanuts, peanut butter crackers, candies.	Salted peanuts, candies, peanut butter crackers.	Salted peanuts, candies, peanut butter crackers.	884	170,882	Do.
Southeastern Mills, Inc., 1st Ave., Rome, Ga., F. R. Johnson.	Wheat flour	Wheat flour, corn meal, wheat and corn offal.	Wheat flour	51		Do.
McAfee Candy Co., Inc., Waterville Rd., Macon, Ga., C. O. McAfee.	Candy bars, peanut butter, hard candy.	Candy bars, hard candy, peanut butter.	Peanut butter, candy bars	150	50,000	Do.
H. W. Lay & Co., Inc., 173 Boulevard NE., Atlanta, Ga., George Williamson.	Any packaging job	Potato chips, cornetts, pork skins, Fritos, crackers, nuts.	Packaged K ration biscuit	250	50,000	Limited.
Kelly-Garner Canning Co., Millen, Ga., Robert A. Garner, Sr.	Assembled can rations	Field peas		120	22,650	Railroad.
The Hills Brothers Co., Woodbury, Ga., J. A. Davis.	Canned pimientos, dates, can sweetpotatoes, pack fruit bars.	Pimientos, dates	Ration K, fruit bars	575	24,000	Railroad and truck.
Gordon Foods, Inc., 1075 Sylvan Rd. SW., Atlanta, Ga., P. F. O'Brien.	Vacuum packed peanuts, vacuum packed potato sticks—cheese and plain.	Potato chips, peanut butter sandwiches, processed nuts, bakery products, potato sticks and nuts.	Vacuum packed peanuts	394	54,000	Do.
Georgia Packing Co., Vine St., Thomasville, Ga., L. B. Harvard.	Beef and pork	Meat	Meat	380		Do.
Eelbeck Milling Co., Inc., 1219 6th Ave., Columbus, Ga., Harold D. Buck.	Sirups, corn meal, corn grits	Corn meal, corn grits, blended table sirups.	Corn meal, corn grits, sirups	100	40,000	Do.
Davis Canning Co., Donalsonville, Ga., E. L. Davis.	Canned vegetables	Green beans, tomatoes, tomatoes and okra, field peas.	Canned tomatoes	55	8,350	Do.
Castleberry's Food Co., 1621 15th St., Augusta, Ga., J. L. Robertson.	Corned beef hash, beef and gravy, pork and gravy, chili con carne, Army field rations.	Canned meats, table sauces.	Corned beef hash, beef and gravy, pork and gravy, chili con carne, Army field rations.	49	30,000	Do.
Bobs Candy & Peanut Co., Inc., 131 Pine Ave., Albany, Ga., Mac Torbett.	Hard candies, peanut candies, peanut butter sandwiches, peanut butter.	Hard candies, peanut candies, peanut butter, peanut butter sandwiches.	Hard candies, peanut candies, peanut butter, peanut butter sandwiches.	220	60,000	Do.
Benson's Bakery, Athens, Ga., W. H. Benson.	Bakery products	Breads, rolls, cakes, pastries.	Bakery products	143	60,000	Do.
Armour & Co., East 2d St., Tifton, Ga., J. B. Gross.	Meats	Meats	Meats			Do.

FOOD (FEED)

Standard Feed Manufacturing Co., 5th and Walnut Sts., Macon, Ga., L. B. Row.	Grain products	Animal and poultry feed	None	40	16,900	Railroad and truck.
Southern Milling Co., 1015 Twiggs St., Augusta, Ga., W. H. Smith.	Stock and poultry feeds	Stock and poultry feeds	Stock and poultry feeds	47		Do.
Omega Milling Co., Omega, Ga., Lamar Powell.	Any type of feed	Peanut vine hay and molasses, snap corn and molasses, shuck and snap corn.	None	30	20,000	Do.
Marbutt Milling Co., 1515 Broad St., Augusta, Ga., H. C. Marbut.		Feeds for poultry and livestock.	do	37	15,000	Do.
Happyvale Flour Mills, Broad St., Griffin, Ga., C. B. Nichols.	Wheat flour, corn meal	Wheat flour, corn meal, commercial mixed feeds.	Wheat flour	54	23,500	Do.
Feedright Milling Co., Molly Pond Rd., Augusta, Ga., R. E. Barinowski.	Feeds for livestock and poultry.	Feeds for livestock and poultry.	None	67	36,000	Do.
Clark Milling Co., 711 13th, Augusta, Ga., Paul H. Dunbar.	Flour, meal, feeds	Flour, meal, feeds	do	20	30,000	Do.
Caldwell & Co., Madison, Ga., J. E. Caldwell.	Cottonseed-soya oil, cottonseed and soya meal, cotton linters WPB, cottonseed hulls, fertilizer.	Cottonseed-soya oil, cottonseed and soya meal, cotton linters WPB, cottonseed hulls, fertilizer.	Cottonseed-soya oil, cottonseed and soya meal, cotton linters WPB, cottonseed hulls, fertilizer.	16	45,000	Do.
City Mills Co., 9 18th St., Columbus, Ga., C. R. Mehaffey, Jr.	Mixed feeds, corn meal, sirup.	Mixed feeds, corn meal, sirup.	None	47	50,000	Do.

FOOD (MISCELLANEOUS)

Atlantic Co., 106 Washington St., Atlanta, Ga., E. Lee Wells.	Ice, beer, furnish cold storage space.	Ice, beer, sale of coal and ice refrigerators, furnish cold-storage space.	Ice, beer, sale of coal and ice refrigerators, furnish cold-storage space.	1,300		Railroad and truck.
Augusta Ice & Coal Co., 639 13th St., Augusta, Ga., H. R. Creamer.	Ice, cold storage	Ice	Ice	65		Truck.
Buck Ice & Coal Co., 3318 Vineville Ave., Macon, Ga., Dan Bullard, Jr.	Ice	Ice, coal	Ice, coal	57		Railroad and truck.
Nehi Bottling Co., 401 South Stephens, Valdosta, Ga., J. L. Harris, Jr.	Canned foods	Soft drinks	None	10	5,400	Railroad.
Dalton Ice Co., Inc., 419–429 McCamy St., Dalton, Ga., Willard T. Adcox.	Ice, poultry processing	Ice, coal, locker plant, slaughtering, refrigerators.	do	26	25,000	Do.
Meadowbrooke Ice Cream Co., Main St., Vidalia, Ga., P. L. Meadows.	Ice cream, novelties	Ice cream, novelties	do	20	1,280	Do.
Soperton Ice Plant, Railroad Ave., Soperton, Ga., Frank Mullis.	Ice, curing pork	Ice, curing meat, selling coal.	do	6	550	Railroad and truck.
Sparta Ice Co., Spring St., Sparta, Ga., C. B. Brown, Jr.	Ice, soft drinks	Ice, soft drinks	do	3	1,000	Truck.
Wright Ice Cream, 400 South Main, Gainesville, Ga., L. A. Hardeman.	Ice cream	Ice cream	do	10	4,000	Do.